Review of maximum towing fees (light and heavy vehicles)

Transport — Issues Paper
May 2014
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Invitation for submissions

IPART invites written comment on this document and encourages all interested parties to provide submissions addressing the matters discussed.

Submissions are due by 30 June 2014.

We would prefer to receive them electronically via our online submission form <www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission>.

You can also send comments by fax to (02) 9290 2061, or by mail to:

Review of maximum towing fees
Independent Pricing and Regulatory Tribunal
PO Box Q290
QVB Post Office  NSW  1230

Late submissions may not be accepted at the discretion of the Tribunal. Our normal practice is to make submissions publicly available on our website <www.ipart.nsw.gov.au> as soon as possible after the closing date for submissions. If you wish to view copies of submissions but do not have access to the website, you can make alternative arrangements by telephoning one of the staff members listed on the previous page.

We may choose not to publish a submission—for example, if it contains confidential or commercially sensitive information. If your submission contains information that you do not wish to be publicly disclosed, please indicate this clearly at the time of making the submission. IPART will then make every effort to protect that information, but it could be disclosed under the Government Information (Public Access) Act 2009 (NSW) or the Independent Pricing and Regulatory Tribunal Act 1992 (NSW), or where otherwise required by law.

If you would like further information on making a submission, IPART’s submission policy is available on our website.
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1 Introduction

The tow truck industry in NSW is regulated under the Tow Truck Industry Act 1998 (the Act) and the Tow Truck Industry Regulation 2008 (the Regulation). These instruments set out the requirements that tow truck operators and drivers must meet, and specify the business practices and behaviours that are prohibited. In addition, they provide for Roads and Maritime Services (RMS) to set maximum fees for certain towing services and the charging arrangements for these services.

The Independent Pricing and Regulatory Tribunal of NSW (IPART) has been asked to review these maximum fees and charging arrangements – which apply to all accident towing services provided in NSW, including initial towing from the scene of an accident as well as certain related services. We have also been asked to review the overall regulation of the tow truck industry and to recommend any changes that could improve the efficiency and viability of the industry, while maintaining adequate consumer protection.

This paper sets out our proposed approach to the review and outlines our preliminary views (where we have them). It also explains how stakeholders provide input to the review, and identifies the issues on which we particularly seek stakeholder comment.

1.1 What has IPART been asked to do?

Our terms of reference for this review (see Appendix A) ask us to investigate the current maximum fees and charging arrangements for light and heavy vehicle towing services in NSW. We are to recommend:

- fees that reflect the efficient cost of providing the services concerned so as to encourage greater efficiency in the supply of these services to reduce costs for the benefit of consumers
- an appropriate fee structure and charging arrangements to ensure adequate protection for consumers at accident scenes
- an appropriate approach for updating fees.

In addition, we are to recommend any changes to the regulatory framework for the towing industry that could provide savings to business and the community by reducing red tape.
In forming our recommendations, we are to have regard to:

- the viability and sustainability of tow truck operators, particularly in remote regions of NSW
- whether there should be different charging schedules and arrangements for light and heavy vehicles
- the need to ensure consumers are adequately protected, and to maintain or improve the quality, reliability and safety standards provided by the tow truck industry.

1.2 How will we conduct the review?

For this review, we will undertake our own research and analysis and conduct a public consultation process. This issues paper is the first step in our consultation process, and identifies key issues on which we are seeking stakeholder input.

We have also released 2 fact sheets – one for tow truck operators and drivers and one for the general community. These fact sheets highlight the specific issues where we particularly need information and comments from these 2 stakeholder groups.

We invite all interested parties to make submissions in response to the issues paper and fact sheets by 30 June 2014. (See page iii for information on how to make a submission.) We also plan to consult directly with tow truck industry and community representatives to gather further information. In addition, we will hold a workshop in October 2014 to provide stakeholders with a further opportunity to provide input.

We will release a draft report and draft recommendations in October 2014, and seek submissions on these before making our final recommendations and releasing our final report.

Table 1.1 sets out the indicative timetable for the review. We will update this timetable on our website as the review progresses.

<table>
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<tr>
<th>Table 1.1 Review timetable</th>
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<tr>
<td><strong>Milestone</strong></td>
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<tr>
<td>Release Issues Paper</td>
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<td>Submissions to Issues Paper due</td>
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<td>Release draft report</td>
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<td>Public workshop</td>
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<td>Release final report</td>
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1.3 The structure of this paper

The following chapters provide more information on the review, our proposed analytical approach and the issues we will consider:

- Chapter 2 outlines the context for the review, including information on the tow truck industry and the current regulatory framework. It also details the specific services that are subject to price regulation.
- Chapter 3 outlines our proposed analytical approach for the review.
- Chapters 4 to 8 discuss each of the key steps in this approach, including what we will consider in each step and the issues we particularly want stakeholders to comment on.

1.4 What issues do we seek comment on?

The issues on which we particularly seek stakeholder comment are highlighted in the following chapters. For convenience, they are also listed below. Please feel free to comment on any or all of the issues, or provide other information or comments you consider relevant to the review and our terms of reference.

1. Do you agree with our proposed approach for developing our recommendations on the fees and charging arrangements and the regulatory framework for towing services in NSW? If not, what are your concerns? 25

2. Do you agree with our preliminary view that the need for price regulation is strongest for accident related towing services for light vehicles in metropolitan regions? 32

3. What are your views on the need to regulate maximum fees for:
   - Light vehicle towing in non-metropolitan regions? 32
   - Heavy vehicle towing in metro and non-metropolitan regions? 32
   - Subsequent towing, vehicle storage and vehicle salvage services? 32
   How do you think the market would respond if price regulation was relaxed or removed for these services? 32

4. If price regulation for some accident towing markets or services was removed is there a need in the short term for some form of market monitoring or consumer assistance (eg, publishing benchmark rates)? 32

5. Do you agree with our proposed approach to estimating the efficient costs of providing towing services? 37

6. Have we identified all the relevant factors that influence the costs of providing towing services across operators and markets? Are there other factors you consider to be important? 37
What are your views on how the following factors affect the costs of providing towing services:

- Whether the operator provides light and/or heavy vehicle towing services?
- Whether the operator is located in a metro or non-metro area?
- The size of the towing operator (measured through how many trucks they operate)?
- Whether the operator provides a combination of accident and trade towing services or accident towing only?
- The number and nature of towing jobs including the distance towed or time taken for each job, whether storage is required and how quickly accidents are responded to and cleared?
- The additional costs associated with after-hours work?

Do you agree with the current structure and level of fees for light vehicle accident towing, salvage and storage services? If not, which fees concern you (eg, accident towing or storage)? Which aspects of the fee concern you (eg, the level, how it is applied, what is included) and why?

Do you agree with the current structure and level of fees for heavy vehicle accident towing and salvage services? If not, which fees and fee aspects concern you and why?

How should accident towing and storage fees be adjusted in between reviews? What is an appropriate inflator for accident towing fees? For storage fees? Should heavy vehicle fees and light vehicle fees have different adjustment factors?

How often should accident towing and storage fees and other regulatory arrangements be reviewed?

Do you consider that any of the requirements of the tow truck operator’s licence, the tow truck driver’s certificate, or the accident towing authorisation impose unnecessary red tape for the industry? If so:

- Which requirements?
- How would you change these requirements to reduce the burden while still ensuring that customers are adequately protected and the regulatory objectives achieved?

Should all operators be required to operate their own holding yards?

Could record keeping requirements be reduced and/or designed to avoid unnecessary duplication of effort? Is the level of detail required in a towing authorisation appropriate?
15 Should the duration of operator licences and driver certificates be extended?  

16 What is the appropriate way to recover the costs of administering the regulatory scheme, including the costs of compliance and enforcement activities? Are the licence fees and the price of towing authorisations appropriate?
2 Context for this review

The tow truck industry plays an important part in the NSW roads and traffic network. It has the potential to influence the safety and efficiency of the network, and affect the experience of road users and other stakeholders through its business operations and conduct. It is currently regulated through the *Tow Truck Industry Act 1998* and the *Tow Truck Industry Regulation 2008*, which are administered by Roads and Maritime Services (RMS). Some towing services are also subject to price regulation.

As context for our review, the sections below provide more information on:

- the services provided by the industry, and those which are subject to price regulation in NSW
- the size and structure of the industry in NSW
- the regulatory framework of the industry.

2.1 Services provided by the tow truck industry

The tow truck industry in NSW provides services to the public, government bodies and commercial organisations. These services fall into 2 main categories:

- **accident towing services**, which include towing vehicles damaged in accidents from the accident scene, and other accident-related services
- **trade towing services**, which include almost all towing services not related to accidents.

Operators can be authorised to provide both service categories or trade towing services only. Likewise, their tow trucks can be authorised for both service categories or trade towing services only. Only accident towing services are subject to price regulation.

While the main focus of our terms of reference is on the maximum regulated prices for accident towing services, we will also need to look at the trade towing market. One reason for this is that tow truck operators often provide both accident and trade towing services, so their fixed costs are often shared across both activities.
2.1.1 Accident towing services

The main accident-related towing services for which fees and charges are regulated include:

- **Accident towing** – towing a vehicle damaged in an accident from the accident scene to the initial destination requested by the vehicle owner (e.g., an insurance assessment centre, smash repairer, or the owner’s home or business).

- **Vehicle storage** – storing a vehicle in the operator’s ‘holding yard’ until it can be towed to the requested destination. Accident tow truck operators are required to have a holding yard where accident-damaged vehicles can be temporarily stored if, at the time of the accident, the owner doesn’t know where they want the vehicle towed, or the requested destination is closed.

- **Subsequent towing** – towing a vehicle from the operator’s holding yard to the requested destination.

- **Vehicle salvage** – moving an accident-damaged vehicle to a position where it can be towed.

There is also one non-accident related service for which fees and charges are regulated. This is **vehicle recovery** – towing a vehicle that has been stolen.

The main reason that fees and charges for these services are regulated is because after an accident, drivers may be distressed or in shock and unable to make rational decisions. They may have limited information as they infrequently use towing services and there is little opportunity to shop around. Depending on the location and time of day that the accident occurs, the damaged vehicle may also need to be moved quickly.

2.1.2 Trade towing services

Trade towing services include all towing work other than the services discussed in section 2.1.1 above. For example, these include:

- delivering new vehicles

- transferring vehicles between dealerships, insurers and repairers

- moving vehicles that have broken down or are illegally parked.
Fees and charges for trade towing services are not regulated as drivers are not as likely to be distressed or in shock and vehicles may not need to be moved as quickly. There is a competitive market for trade towing as any authorised tow truck operator can compete to provide these services. Vehicle owners can shop around for the best deal that meets their requirements (both price and service) and the decisions are not made when the driver is in distress at the scene of an accident. Businesses (including insurers) that require regular towing services may be able to negotiate contracts (for both price and service levels) with a preferred operator.

Unlike accident tows, trade towing services are generally pre-booked. This means operators providing these services tend to be able to better utilise their tow trucks, and thus may have lower costs per tow.

### 2.2 Size and structure of the industry

There are currently 892 licensed tow truck operators, around 1,630 tow trucks, and almost 3,000 certified tow truck drivers in NSW. Of the operators:

- 43% are located in the Sydney metropolitan area
- 57% are licensed to provide both accident and trade towing services
- 34% are licensed to provide trade towing only

Of the tow trucks:

- 77% have category A or 4 digit plates. They are authorised to provide both accident and trade tows (and are referred to as having ‘accident plates’).
- 23% have Category B or 3 digit plates. They are authorised for trade tows only (and are referred to as having ‘trade plates’).

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1 Excludes 1 tonne tow trucks and scrap metal tow trucks. IPART calculation based on RMS data at 1 April 2014.
3 In this report, we use the definition of metropolitan area used in the *Tow Truck Industry Regulation, 2008*, cl 40B. Metropolitan area includes Sydney, Hawkesbury and Blue Mountains. It excludes Gosford, Wyong, Wollondilly and Illawarra.
4 The remainder operate 1 tonne (category C) tow trucks or tow trucks which only tow vehicles for scrap metal.
5 Tow trucks authorised for accident towing have a number plate of 4 digits followed by ‘TT’ for example ‘1234-TT’. Tow trucks with 3 digits followed by TT are authorised for trade tows only.
6 IPART calculation based on RMS data at 1 April 2014.
Most operators are small businesses. For example, among those licensed to provide both accident and trade towing:

- 50% have only 1 tow truck registered to their business
- 42% have 2 to 5 trucks
- 7% have 6 to 10 trucks
- 2% have 11 or more trucks.\(^7\)

Around 60% of operators licensed to provide both accident and trade towing have a company structure, while 23% are sole traders.\(^8\) In general, those licensed to provide both accident and trade towing tend to have more trucks and a company structure compared to those with trade towing licences only.\(^9\) Sydney metropolitan operators also tend to have more trucks than non-metropolitan operators.\(^10\)

### 2.2.1 Demand for accident towing service

It is difficult to accurately estimate the demand for accident towing services relative to trade towing services, as this information is not collected from operators.\(^11\) However, in 2008, the former Roads and Traffic Authority (RTA, now RMS) estimated that there were:

- around 65,000 accident tows in NSW each year
- at least 500,000 trade tows in NSW each year.\(^12\)

This suggests that accident tows make up about 10% to 15% of all towing services.

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7. IPART calculation based on RMS data at 1 April 2014.
8. ibid.
9. 46% of NSW tow truck operators without accident plates operate under a company structure, 44% are sole traders and 82% operate only 1 truck. In the metropolitan area, there are 3.2 accident plates per operator (with accident plates only) compared with 2.1 in non-metropolitan areas. IPART calculation based on RMS data at 1 April 2014.
10. Operators are required to record the number of towing jobs, but these are not collected by RMS.
Other available data indicate that in 2012:

- there were 41,520 motor vehicle crashes in NSW\(^{13}\)
- most crashes involved cars (88%), and heavy vehicles were involved in 6% of crashes\(^{14}\)
- more than half of all NSW crashes occurred in the Sydney metropolitan area (58%), and more than a quarter occurred in the combined Gosford/Wyong, the Hunter, North Coast and Illawarra area (26%)\(^{15}\)
- there were around 46 crashes per accident plate tow truck in the Sydney metropolitan area each year, compared to only 24 per accident plate in non-metropolitan areas.\(^{16}\)

### 2.2.2 Importance of accident towing revenue

Operators who are licensed to provide both accident and trade towing services rely on revenue from accident towing fees to different degrees. We have little current information on the mix of accident and trade tows undertaken by tow trucks with accident plates.

### 2.2.3 How accident towing jobs are obtained

At an accident, tow trucks compete to get the towing job. Arriving at the scene quickly is a key factor in securing the job.\(^{17}\) Anecdotally we understand that there is little competition on price and that the maximum regulated fee is commonly charged.

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\(^{13}\) This figure represents crashes reported to police, occurring on an open public road, involving at least 1 moving vehicle and involving at least 1 person being killed or injured or at least 1 motor vehicle being towed away. Transport for NSW, Road Traffic Crashes in New South Wales, Statistical Statement for the year ended 31 December 2012, 2012, Table 1. There are more accident tows than crashes as some crashes involve towing more than 1 vehicle.


\(^{15}\) IPART calculation based on Transport for NSW, Road Traffic Crashes in New South Wales, Statistical Statement for the year ended 31 December 2012, 2012, Table 24.

\(^{16}\) IPART calculation based on RMS tow truck data at 1 April 2014 and Transport for NSW, Road Traffic Crashes in New South Wales, Statistical Statement for the year ended 31 December 2012, 2012.

\(^{17}\) In some jurisdictions accident tow jobs are allocated to trucks through a job allocation system (essentially a roster). NSW trialled a job allocation scheme in 2003 but decided against introducing it. An evaluation of the trial found that it did not improve service levels and response times were slower than anticipated and that industry reform since the proposal mitigated the need for it. See NSW Parliament, Legislative Council, Tow Truck Industry Amendment Bill 2007, Second Reading Speech, 16 November 2007.
Typically, an accident towing job will be organised by the car owner and paid by their insurance company (and ultimately the policy holders). If the vehicle is uninsured, accident towing jobs are organised and paid for by the owner. Insurance companies are estimated to be responsible for 80% to 90% of smash repair work\footnote{Motor Traders Association of NSW, Submission to the Select Committee on the Motor Vehicle Repair Industry, 19 February 2014, p 3 and Insurance Council of Australia, Inquiry into the NSW Motor Vehicle Repair Industry Submission by Insurance Council of Australia to the Motor Vehicle Repair Industry Committee, February 2014, p 21.} and it is likely that they are responsible for a similar proportion of accident towing work.

Police may organise some tows (eg, recovery of stolen vehicles and crashes where the police need the car for evidence or mechanical inspection) and have towing contracts with operators for towing jobs.

In the case of accidents involving heavy vehicles, drivers usually contact their employer who engages a tow operator. Often the employer has pre-existing arrangements with an insurer or a tow truck operator. Typically, a heavy vehicle is not towed to a holding yard but to the vehicle owner’s address or to a repairer with whom the owner or insurer has a relationship.

Following an accident, the vehicle driver is likely to be stressed, unfamiliar with the situation and responsive to advice provided by the tow truck driver. If they know who they are insured with, the vehicle driver may contact the insurance company for advice on where to have the car towed. Or the tow truck driver may know the smash repairers that insurance company prefers and suggest towing to one of those smash repairers. Alternatively, the tow truck driver might encourage the vehicle driver to send the car to a smash repairer with whom the operator or driver has a relationship. As noted above, the tow truck driver may also tow the vehicle to the operator’s holding yard until the owner works out where they want the vehicle repaired.\footnote{The car will also be towed to the operator’s holding yard if the requested destination is unable to be accessed (eg, out of business hours). In this situation there will be a ‘subsequent tow’ and charge for delivering the vehicle to the address requested.}

### 2.3 Regulatory framework

The Act and Regulation set out the requirements that tow truck operators and drivers must meet, and specify the business practices and behaviours that are prohibited. In addition, they provide for RMS to set maximum fees for certain towing services and the charging arrangements for these services.
The Government has used a combination of licensing and maximum fees to address specific concerns about the tow truck industry prior to the introduction of regulation, including unacceptable and at times unlawful behaviour. The broad objectives of the regulatory framework are to:\(^{20}\)

- protect the rights of customers
- protect the tow truck industry’s reputable majority of tow-truck drivers and operators
- improve road safety and the safety of tow truck drivers by ensuring that tow trucks are operated safely, and that accident scenes are cleared in a safe and efficient manner
- prevent dishonest and at times unlawful behaviour previously displayed by a minority of tow truck operators and drivers
- increase industry efficiency and effectiveness through addressing the above objectives.

The sections below provide an overview of the current licensing and price regulation arrangements.

### 2.3.1 Tow truck licensing framework

Any person carrying on a business as a tow truck operator must hold a tow truck operators licence.\(^{21}\) Operators can only use tow trucks that are specified in their licence or an RMS approved standby tow truck.\(^{22}\) As indicated in section 2.2 above, tow trucks may be authorised to provide both accident and trade towing services (referred to as having ‘accident plates’) or trade towing services only (‘trade plates’).\(^{23}\) Tow truck drivers must hold a tow truck driver’s certificate.\(^{24}\) There are no limits on the numbers of operator licences, driver certificates or tow trucks in NSW. This contrasts with the regulation of taxis in NSW, where the number licences is limited and consumers pay more than the efficient costs of providing the services.\(^{25}\)

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\(^{21}\) *Tow Truck Industry Act 1998*, s 15. A business that only tows scrap metal can seek and exemption from the requirement to hold a licence (*Tow Truck Industry Regulation 2008*, cl 25A(1)(a)).

\(^{22}\) *Tow Truck Industry Regulation 2008*, cl 11, 54.

\(^{23}\) Tow trucks authorised for accident towing have a number plate of 4 digits followed by ‘TT’. Tow trucks with 3 digits followed by TT are authorised for trade tows only, not accident tows.

\(^{24}\) *Tow Truck Industry Act*, s 23.

\(^{25}\) Because of their scarcity, taxi licences in NSW are traded or leased for significant amounts that include an ‘economic rent’. For example, in Sydney in 2011/12 taxi licence lease cost were around $29,000 p.a. IPART, *Review of maximum taxi fares and review of annual Sydney taxi licences from July 2014 – Final Report and Recommendations*, February 2014, p 11.
Operator requirements

To obtain an operator’s licence a person must, among other things:

- satisfy character requirements – for example, criminal records and criminal associations checks are carried out, and fit and proper person requirements are assessed
- have a ‘holding yard’ within 10 kms of their business premises\(^{26}\)
- hold public liability and ‘on hook’ insurance
- be the registered owner or operator of the tow trucks operated (tow trucks must have current motor vehicle registration and display tow truck licence plates)
- pay a licence fee (which varies between metropolitan and non-metropolitan areas, see Chapter 8).\(^{27}\)

In addition, operators must comply with detailed record keeping and record retention requirements including keeping records of towing authorisations (Box 2.1), non-accident tows, vehicles held in holding yards, drivers, tow trucks, tow truck usage, towing charges and invoicing.\(^{28}\) They must also ensure their drivers understand their obligations under the Act, complete towing authorisations, behave appropriately and wear and use clothing and equipment that complies with RMS requirements.\(^{29}\) (For more detail on operators’ requirements see Chapter 8.)

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\(^{26}\) Tow Truck Industry Regulation 2008, cl 35. A holding yard is a place to safely keep towed vehicles. After an accident a car may be taken to a holding yard if it is unable to be delivered to the nominated address (eg if an insurance assessment centre or smash repairer is closed). An operator that only operates tow trucks with a gross combination mass of 25 tonnes or more does not have to maintain a holding yard.

\(^{27}\) Roads and Maritime Services, Applying for a tow truck operators licence, Towing Industry Fact Sheet 6. ‘On hook’ insurance covers the vehicle being towed. Operators only towing vehicles for metal recycling or wrecking do not need to have on hook insurance.

\(^{28}\) Tow Truck Industry Regulation 2008, cls 11, 26-34, 39, 49-51.

\(^{29}\) Tow Truck Industry Regulation 2008, cls 11, 20, 44, 48.
Box 2.1  Towing authorisation forms

Before a vehicle can be towed from an accident, a towing authorisation must be completed and signed by the tow truck driver and the car owner/driver (or a police or authorised officer). The authorisation form provides information on the rights of the car owner (to decide who will tow, where the vehicle will be towed and the right to contact anyone before signing) and includes vehicle details, tow destination, a quote for towing and storage fees and details of the tow truck operator and driver. See Appendix B for an example of a towing authorisation form.

The towing authorisation form aims to improve customers’ awareness of their rights and enable people to make an informed decision when choosing a towing service. It also provides an audit trail of towed motor vehicles which police can use when investigating vehicle theft and ‘rebirthing’.

Operators purchase towing authorisation forms from RMS for $23 each. In 2007 the price of authority forms was significantly increased and maximum towing fees were raised to take this into account. The revenue was intended to fund the regulation of the industry (eg, costs of investigating and mediating disputes especially related to inflated and unjustified charges).

Driver requirements

Tow truck drivers must hold a full drivers licence. A drivers certificate is automatically revoked if a drivers licence is cancelled or suspended.

Certified drivers must comply with behavior and record keeping requirements. At an accident scene these include, behaving in an orderly manner, with civility and propriety, obtaining a towing authorisation before towing a vehicle and providing copies of the authorisation to the vehicle owner/driver and the operator, leaving an accident scene once all needed authorisations have been obtained if they have not obtained a towing authorisation and complying with reasonable requests of police and ambulance offers at the scene. For further information see Chapter 8.

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30 Tow Truck Industry Act 1998 s 32.
Enforcement

RMS can take disciplinary action against an operator or tow truck driver for a range of reasons including if they have failed to comply with the Act or Regulation, provided false or misleading information regarding their application and where the RMS has determined the person is no longer fit or proper to hold a licence or certificate.32

Disciplinary action includes suspending or revoking a licence or certificate, imposing a fine, giving directions to do or not do a thing or cautioning or reprimanding the operator or driver.33

2.3.2 Price regulation arrangements for accident towing services

The prices tow truck operators charge for accident towing services have been regulated since 1991 (see Box 2.2). This regulation includes setting maximum fees for certain services, and prohibiting fees for other services. The fee structure includes a 2-part tariff comprising:

- a base fee for the service, which includes a specified distance or time threshold
- a variable fee that applies once the distance or time threshold is exceeded.

Different fee levels apply for light vehicles and heavy vehicles. Table 2.1 summarises the current maximum fee levels for each vehicle type, and Box 2.3 lists the prohibited charges. Appendix C provides a comprehensive list of all regulated fees. All fees are ex-GST and quoted as at May 2014.

Fees for light vehicle towing

The base fee for light vehicle towing includes 10 or 20 km (metro or non-metro) of towing, up to 3 days of storage and all salvage work at an accident scene if the vehicle is on the road or a road-related area. Once the base fee distance threshold is exceeded, the variable fee is charged based on the distance towed. Salvage fees following an accident or recovery of a stolen vehicle can only be charged if the light vehicle is off the road, the salvage work exceeds 30 minutes, and photographs of the scene of the accident are provided.

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32 Tow Truck Industry Act 1998, s 42.
33 Tow Truck Industry Act 1998, ss 41-42, 84.
The base fee is the same in metropolitan and non-metropolitan areas. However, the distance fee in metropolitan areas is double the fee in non-metropolitan areas because of how distance is measured:

- in the Sydney metropolitan area, 10km of towing is included in the base fee and towing distance is measured from the vehicle location to the destination
- in non-metropolitan areas, 20km of towing is included in the base fee and the towing distance is measured from the operator’s business to the vehicle location and then to the final destination.

An after-hours surcharge of 20% is applied to both the base fee and variable fee if the work is undertaken outside business hours (defined as Monday to Friday 8am to 5pm). As around 52% of crashes occur outside weekday business hours,\(^{34}\) we estimate that the after-hours surcharge is likely to apply to about half of light vehicle accident tows.\(^ {35}\)

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\(^{34}\) IPART calculation based on Transport for NSW, *Road Traffic Crashes in New South Wales, Statistical Statement for the year ended 31 December 2012*, 2012 Table 7(b). Business hours for tow truck charging are weekdays 8am-5pm, but crash statistics are divided into 2-hourly time frames so we have used 8am-6pm.

\(^{35}\) Fees for light vehicle towing are set in the *Tow Truck Industry Regulation 2008*, cls 40C-40G, 40M, 40N, 40S-40T.
Box 2.2  A brief history of fees

The maximum fees set in 1991 were increased in 1992, 1995, 2000 and 2006. Since July 2006 they have been indexed to increase in line with CPI. As the figure below shows, since 1991 maximum fees for light vehicle accident towing increased at a faster rate than inflation over this period.

Index of maximum light vehicle accident fees, NSW 1991-2013

Note: The base fee increased significantly in 2000 following passage of the Tow Truck Industry Act 1998 and inclusion of more services (eg provision of photographs of salvage operations) in the base fee. Before 2004, the base fee included 8 kms of towing but was subsequently increased to 10 kms of towing. The increase in 2007 incorporated $20 to compensate the cost of the new towing authorisation that operators paid for ($18.18 plus GST = $20).

Data source: ABS 6401, Consumer Price Index, Sydney, All Groups, RMS and IPART calculations.

Heavy vehicle towing fees

Heavy vehicle towing fees are generally higher than those for light vehicle towing and vary depending on the class of tow truck that is used to tow the vehicle. The heavy vehicle base fee includes the first 72 hours of storage and the first hour of work at an accident or recovery. The variable fee is charged per hour.
Box 2.3  Prohibited charges

Tow truck operators cannot charge for:

- moving a vehicle causing an unreasonable obstruction, at the request of a police or authorised officer
- clean-up of the accident scene
- making phone calls
- taking photographs
- preparing documents related to a tow
- notifying owner of storage fees
- transporting owner of the vehicle
- storing personal belongings
- moving a vehicle in a holding yard
- changing tyres
- providing/using gloves
- providing/using a fire extinguisher
- any other activities related to towing.

Operators cannot charge light vehicles for time spent waiting at the scene of an accident or administrative work, but these charges are regulated for heavy vehicle towing.

Source: Tow Truck Industry Regulation 2008, cls 40L, 40ZC, 40ZD.
### Table 2.1  Maximum towing fees for light and heavy vehicles in NSW from 1 July 2013

<table>
<thead>
<tr>
<th></th>
<th>Light vehicle (ex GST)</th>
<th>Heavy vehicle (ex GST)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Base fee – accident</strong></td>
<td>$245</td>
<td>$232 - $335&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Base fee – recovery</strong></td>
<td>$224</td>
<td>$211 - $314&lt;sup&gt;a&lt;/sup&gt;</td>
</tr>
<tr>
<td><strong>Services covered in the base fee</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First 10/20 km of travel (metro measured from vehicle to towing destination/non-metro measured from operator premises to accident and then to towing destination)&lt;sup&gt;b&lt;/sup&gt;</td>
<td></td>
<td>First hour of work</td>
</tr>
<tr>
<td>First 72 hours of storage</td>
<td></td>
<td>First 72 hours of storage</td>
</tr>
<tr>
<td>All salvage on road/road related area</td>
<td></td>
<td>First 30 minutes of salvage (on or off road)</td>
</tr>
<tr>
<td>First 30 minutes salvage not on road/road related area</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Variable fee (distance/time) – metro</strong></td>
<td>$5.94 per km after first 10 kms (measured from vehicle to towing destination)</td>
<td>$144-$249 per hour (after first hour of work)</td>
</tr>
<tr>
<td><strong>Variable fee (distance/time) – non-metro</strong></td>
<td>$2.97 per km after first 20 km of travel (measured from operator premises to accident and then to towing destination)</td>
<td>$144-$249 per hour (after first hour of work) (same as for metro)</td>
</tr>
<tr>
<td><strong>Storage fee</strong></td>
<td>$18.50 per day (after first 72 hours)</td>
<td>$88 per day (after first 72 hours)</td>
</tr>
<tr>
<td><strong>Subsequent tow</strong></td>
<td>$86 (includes first 10/20 kms of travel metro/non-metro, as for distance charge)</td>
<td>NA</td>
</tr>
<tr>
<td><strong>Salvage following an accident</strong></td>
<td>$59 per hour after the first 30 minutes (only applies if off-road. Included in base fee if vehicle is on road/road-related area)</td>
<td>$79 per hour after initial 30 minutes (applies to on road or off road salvage) plus $59 per hour for administrative work arranging the salvage</td>
</tr>
<tr>
<td>An additional $59 per hour if an assistant is required</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>After hours surcharge</strong></td>
<td>20% on all charges</td>
<td>Accident and recovery: 50% if an additional driver or administrative work is required outside business hours. Salvage: 50% on all charges</td>
</tr>
</tbody>
</table>

<sup>a</sup> Heavy vehicle base and hourly fees vary with class of tow truck.

<sup>b</sup> Non-metro tows are any tows that occur partly or wholly outside the Sydney metropolitan area.

**Note:** All fees are ex-GST.

**Source:** Tow Truck Industry Act 1998 and Tow Truck Industry Regulation 2008.
3 Proposed approach for this review

As Chapter 1 discussed, our terms of reference for this review require us to deliver 2 outputs. The first is recommendations on appropriate fees and charging arrangements for light and heavy vehicle towing services currently subject to price regulation. The second is advice on any changes to improve the broader regulatory framework for tow truck services in NSW. In both cases, our advice should ensure that consumers are adequately protected, that the industry operates efficiently and viably, and that unnecessary regulatory red tape is avoided.

In our proposed approach for developing these outputs, we have taken account of the principles and assessment framework we are using in our separate review of licence rationale and design (regulatory red tape review, see section 3.2). As noted in Chapter 2, the Government has used a combination of licensing and maximum fees to address specific concerns about the tow truck industry prior to the introduction of regulation. The licensing assessment framework is well suited to be applied to the tow truck industry, as the regulatory approach is based on 3 licences:36

1. tow truck operators licences, which set out requirements for people operating a tow truck business
2. tow truck drivers certificates, which set out requirements for drivers of tow trucks
3. towing authorisations, which set out further requirements for drivers at the scene of an accident.

In general, our proposed approach reflects the view that:

▼ fees for towing services should only be regulated where there is a clear need for government intervention to address market failures and price regulation is the most appropriate tool to achieve the Government’s objectives
▼ where these fees are regulated, the level and structure of fees should reflect the efficient costs of providing the services

36 We are using the same broad definition of a licence here as in our recent licensing review. That definition includes any regulatory instrument that gives permission or allows an entity to undertake a particular activity. See IPART, Reforming licensing in NSW – Review of licence rationale and design, Regulation Review – Draft Report, October 2013, p 20.
Proposed approach for this review

regulatory reforms should be implemented where they reduce red tape and provide savings to business and the community.

The sections below provide an overview of our proposed approach for this review, then outline the framework and principles of the regulatory red tape review, which underpin this approach. Chapters 4 to 7 discuss the individual steps in our proposed approach in more detail, including the issues we will consider in each step.

3.1 Overview of proposed approach for this review

Our proposed approach for this review comprises 5 main steps. The first 4 relate to the first output of the review – recommendations on regulated fees and charging arrangements. The final step relates to the second output, our advice on improvements to the broader regulatory framework.

The steps are as follows:

1. Confirm there is a clear need to maintain price regulation for all accident towing services. This will involve:
   a) identifying and understanding the market failures that require ongoing regulation and whether maximum fees are the most appropriate tool for addressing these failures
   b) determining whether the failures are consistent within each of the different markets within the NSW tow truck industry – ie, those for light and heavy vehicle towing, and for metropolitan and non-metropolitan towing
   c) determining whether these market failures are consistent across individual towing services – eg, accident towing, subsequent towing and vehicle storage.

2. For the markets and services where we confirm there is a clear need to maintain price regulation, analyse the efficient costs of providing those services. This will involve:
   a) investigating the efficient costs of providing towing services and the efficient cost per tow truck and efficient cost per towing job
   b) benchmarking current maximum fees for regulated towing activities against unregulated towing activities.

3. Develop an appropriate fee structure (fixed and variable) and fee levels that reflect the efficient costs of providing the services.

4. Decide how the fees should be set in future years, including how they should be adjusted from year-to-year and how often they should be subject to a major review.
5. Identify other potential regulatory reforms for the whole towing industry (including accident-related, recovery and trade towing services) that could provide savings to business and community. This will involve applying the licensing assessment framework and taking account of the principles used in our separate regulatory red tape review to develop our advice (discussed further in section 3.2 below).

Box 3.1 IPART’s regulatory red tape review

There are currently about 1,000 different types of licences in NSW, affecting individuals, businesses and the community in general. Most of these licences are administered by NSW Government departments and agencies, and about 50 are administered by local councils.

Licences can be used by government to achieve economic, social and environmental objectives. However, there must be a clear need for a licence and it must be well designed and efficiently administered, so that it achieves its objectives at least cost to society. If a licence is not justified or it is inefficiently designed or administered, it imposes unnecessary costs on business and the community.

The large number of licences in NSW suggests that significant gains could be made if unnecessary licences were removed, or the terms and conditions of excessively burdensome licences reformed. A challenge for government, business and the community therefore is to identify those licences that are unnecessary or excessively burdensome.

In 2013, the NSW Government asked IPART to assist in meeting this challenge, by reviewing a wide range of licences, and making recommendations to assist the Government meet its target of $750 million in reduced ‘red tape’ costs for business and the community by June 2015. In particular, we are reviewing NSW licences and identifying those where reform would produce the greatest reduction in regulatory burden. Our draft report was released on 22 May 2014. This is a separate review to our review of tow trucks.


3.2 Framework and principles for regulatory red tape review

As noted above, IPART is currently conducting a separate review of licences in NSW to identify those where reform would produce the greatest reduction in regulatory burden (including red tape). As part of this review, we have developed a framework for assessing existing and proposed licensing schemes. This framework involves 4 major stages:

- Stage 1 – Is licensing an appropriate option?
- Stage 2 – Is licensing well designed?
Stage 3 – Is licensing administered effectively/efficiently?

Stage 4 – Is the licensing scheme the best response?

Stage 1 looks at what the Government aims to achieve through the proposed or existing licensing scheme, to identify whether licensing should even be considered as a potential option. It consists of 4 consecutive questions. If the answer to all these questions is ‘yes’, then there is a clear need for government intervention and licensing is a potential option for addressing this need. (If the answer to one or more of the questions is ‘no’, then licensing may not be the best regulatory option for achieving the Government’s objectives.)

Stages 2 and 3 focus on the design and administration of the proposed or existing licensing scheme. Again, these stages consist of a series of questions. If the answer to all these questions is ‘yes’ then the licensing scheme is well-designed and effectively and efficiently administered. If the answer to one or more questions is ‘no’, then there is an opportunity to reduce regulatory burden by reforming the licensing regime.

The final stage, Stage 4, assesses whether licensing is the best response to address the need for government intervention identified in Stage 1. This stage consists of 3 analytical steps that we work through to identify the best government response.37

An overview of the 4 stages of the Licensing Framework, including elements within each stage, is presented in Figure 3.1 below.

The assessment framework reflects the best practice principles outlined by the Better Regulation Office (BRO), which are:

1. The need for government action should be established.
2. The objective of government action should be clear.
3. The impact of government action should be properly understood by considering the costs and benefits of a range of options, including non-regulatory options.
4. Government action should be effective and proportional.
5. Consultation with business and the community should inform regulatory development.
6. The simplification, repeal, reform or consolidation of existing regulation should be considered.
7. Regulation should be periodically reviewed, and if necessary reformed to ensure its continued efficiency and effectiveness.38

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38 PwC op cit., p 5.
IPART seeks comment on the following

1. Do you agree with our proposed approach for developing our recommendations on the fees and charging arrangements and the regulatory framework for towing services in NSW? If not, what are your concerns?
4 Confirming the ongoing need for price regulation

The first step in our proposed approach is to confirm there is a clear need to maintain price regulation for all or some accident towing services. In general, we consider that where it is feasible, competition is preferable to regulation as it encourages businesses to improve their efficiency and service levels. Non-regulatory measures (such as providing information to customers) can impose lower costs and fewer restrictions on businesses and encourage competition. However, previous reviews of accident towing have found that while deregulation is an ideal future goal, government regulation was still necessary to prevent unacceptable industry behaviour and protect consumers.39

Our preliminary view is there may be a need to continue regulating some accident towing services, particularly light vehicle towing services at the scene of an accident. The need may not be as great for ‘subsequent’ tows, and heavy vehicle towing services, and there may be some scope to reduce price regulation or use alternative measures such as publishing benchmark ranges. We also note that the need for price regulation also depends on how elements of the licensing schemes are used to meet the Government’s objectives. We welcome comments from stakeholders on these preliminary views.

The sections below discuss the key issues we will consider in confirming the need for some ongoing price regulation. As Chapter 3 indicated, this will involve:

- identifying any market failures that require ongoing regulation and whether price regulation is the most appropriate tool for addressing these failures
- determining whether the failures are consistent within each of the different markets within the NSW tow truck industry (light and heavy vehicle towing, and metropolitan and non-metropolitan towing)
- determining whether these market failures are consistent across individual towing services (e.g., accident towing, subsequent towing and vehicle storage).

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4.1 Identifying any market failures and considering whether price regulation is appropriate

As Chapter 2 noted, the main reason that fees and charges for accident towing services are regulated is that after an accident, drivers may be distressed or in shock and unable to make informed decisions. In addition, accidents are relatively infrequent occurrences for most drivers. Unlike electricity bills, drivers don’t pay accident towing fees regularly, and so don’t have the same understanding of accident towing and the associated fees. If they are insured, they also don’t have a strong incentive to shop around for a good deal before they have an accident.

While vehicle insurers do have an incentive to contract with tow truck operators, the vehicle may not be sufficiently insured, the driver may not know who the insurer is. For example, the driver may not be the owner of the vehicle, or the driver may be too distressed or confused to remember the name of the insurer. In addition, there is no guarantee that the tow truck operator that arrives first at the scene is the operator that an insurance company has a contract with.

We also note that accident towing can, in part, be considered a public good, as it can help avoid traffic congestion by having accident-damaged vehicles moved quickly.

This means that there are potentially several market failures that provide a rationale for government intervention in accident towing services:

- impaired decision making (drivers are more likely to make irrational or poor decisions)
- lack of information (drivers are not well informed about accident towing and associated costs)
- public good (moving damaged vehicles quickly can help to avoid traffic congestion).

The existence of these potential market failures alone does not necessarily justify price regulation (or other forms of regulation, such as licensing). We also need to consider whether price regulation is the most appropriate tool for meeting the Government’s objectives (eg, ensuring adequate protection of consumers at accident scenes with minimum regulatory burden).

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40 Through comprehensive or third-party property insurance.
41 We also note that there may be a moral hazard concern where insured drivers have little incentive to negotiate low prices as their insurer will pay the costs of towing. We consider this to be a secondary rationale for regulation.
In line with the assessment framework for our regulatory red tape review (discussed in Chapter 3), we propose to consider this issue by answering 4 questions:

1. Is the risk of detriment (without price regulation) high?

2. Is the ability to remedy this detriment poor, and are generic laws insufficient for this?

3. Is the market unable to provide an acceptable response to the risk of detriment or remedy the detriment?

4. Is price regulation the most appropriate tool to meet the Government’s objectives?

If the answer to all these questions is yes, then price regulation of some form is appropriate. The sections below outline our preliminary thinking on these questions. Our preliminary view is there may be a need to continue regulating some accident towing services, particularly accident towing of light vehicles.

### 4.1.1 Is the risk of detriment high?

The risk of detriment relates to both the likelihood and potential magnitude of detriment (in this case, excessive fees for accident towing services). As noted above, after an accident, drivers are vulnerable, as they are often in shock or distressed. They are also likely to have limited access to information to make informed decisions because they have not conducted prior research into accident towing fees and regulations. We consider that this means the likelihood of detriment is high.

We also consider the potential magnitude of detriment is significant. We note that prior to the amendment of the Act and Regulation, vehicle owners were often charged inflated fees for tasks related to accident towing. As noted by Government in 2008, these have included charges of between $50 and $160 for cleaning small quantities of oil and fluids from tow truck trays and of up to $50 for sending a facsimile.42

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4.1.2 Is the ability to remedy the detriment poor, and are generic laws insufficient for this?

Remedies relate to the avenues to repair, restore or otherwise compensate for the detriment that occurs. In the absence of price regulation, vehicle drivers and insurers would need to negotiate their own prices. If excessive fees were charged, drivers (and their insurers where relevant) would need to rely on the ability to recover any losses associated with excessive charges under general law.

Tow truck operators and drivers are subject to a range of generic or broadly applicable laws and other government actions. General consumer protection is provided under Australian Consumer Law, specifically the *Competition and Consumer Act 2010* (CCA) as well as the *Fair Trading Act 1987* (FTA). For example, the CCA prohibits a range of anti-competitive behaviours such as agreements to fix prices or to share a particular market by geography.

Our licensing framework provides guidance for considering whether generic laws are sufficient or additional measures are needed to meet government objectives. In particular, the framework notes that if the need for government action is strong, it may not be sufficient to rely on generic laws to remedy the detriment. This appears to have been the case at the time when the Act and Regulation were amended in 1998 and subsequently in 2007 and 2008. At these times, the Government indicated that strengthened regulation was necessary to address unacceptable and, at times, unlawful industry behaviour.43

In addition, we consider that the context in which accident-related towing services are provided may strengthen the need for government action. As discussed above, drivers at an accident scene are often distressed or in shock. This may make them more vulnerable than usual, which may increase the need for government action to protect them from excessive charges, rather than require them to pursue remedies under general law.

4.1.3 Is the market unable to provide an acceptable response?

To determine whether the market is unable (or unlikely) to provide an adequate response to the problems identified above, we need to consider the experience to date in NSW and other jurisdictions. As Chapter 2 discussed, the NSW Government has regulated maximum fees for accident towing services since 1991. Over time, this regulation has become more prescriptive. For example, one of the amendments the Government made in 2008 was to specify a list of activities for which charges are prohibited. It did this because the market’s response to the initial, less-prescriptive regulation resulted in some tow truck

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operators charging excessive fees for these activities. We will need to consider whether the market would still respond in this way and welcome stakeholders’ views on this issue.

**4.1.4 Is price regulation the most appropriate tool to meet the Government’s objectives?**

When deciding whether price or other regulation should be applied, it is important to consider what other government actions are available and whether these would better meet the Government’s objectives. In general, these options can include other changes to the regulatory framework such as additional licensing requirements for operators and drivers. They may also include other non-regulatory options such as:

- providing information through targeted information or education campaigns
- creating mechanisms that encourage (rather than mandate) certain actions, behaviours or attributes (such as industry codes of conduct or publishing benchmark ranges).

We note that there may be a role for targeted information and education campaigns. However, regardless of the level of information that drivers have about the tow truck industry, they are still likely to be distressed or in shock following an accident and so may not be able to act on this information. However, this option may be effective for other accident-related towing services such as subsequent towing and storage fees.

We note that a new tow truck industry code of practice was introduced in 2012. The code of practice is intended to encourage professional, safe, equitable and ethical behaviour within the industry. It is difficult to determine whether this code alone has been useful in improving behaviour as it has been accompanied by other regulatory changes in the industry (such as stricter requirements on operators and drivers). The question is whether a voluntary code of conduct sufficiently addresses the risk of drivers being charged excessive fees. We welcome stakeholders’ views on this issue.

**4.2 Determining whether the failures are consistent within each of the different markets**

We also need to consider whether fee regulation across all of the towing markets (ie, light and heavy vehicle towing, as well as metropolitan and non-metropolitan towing) is required and, whether the answers to the additional questions discussed above may differ across these markets.

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For example, in the non-metro market, the need to have vehicles removed quickly from the scene of an accident may not be as pressing as in more congested metropolitan market. This means that the risk of detriment may be lower, as vehicle drivers are not under as great a pressure to move the vehicle quickly and accept the first tow truck operator that arrives at the scene. However, drivers are still likely to be distressed or in shock. In addition, the number of tow trucks operators per accident is lower in the non-metropolitan market, which implies that there is less competition among operators in this market. We note that in Victoria, accident towing fees are not regulated outside of the Melbourne ‘controlled area’. However, the fee charged must be reasonable in accordance with section 212I of the Accident Towing Services Act 2007.45

The risk of detriment may also be lower in the heavy vehicle towing market, as heavy vehicle drivers are more likely to be professional drivers. This may mean they are less vulnerable at the scene of an accident than, for example, a 17-year old provisional driver. Heavy vehicles are also more likely to be used for business purposes. This means drivers are highly likely to be insured, and more likely to have considered what arrangements should be in place in the case of a breakdown or accident. Again, these differences mean that the market may be better able to provide alternative responses if fee regulation was relaxed or removed. We note that accident towing fees for heavy vehicles are unregulated in Victoria.46

4.3 Determining whether any market failures are consistent across individual towing services

Similarly, the potential market failures discussed in section 4.1 may exist to different extents across individual towing services (eg, accident towing, subsequent towing, vehicle storage, vehicle salvage). For example, the lack of information may be less significant for subsequent tows. Consumers arguably have a greater ability to shop around for quotes once their vehicle is being held at a holding yard. However, this requires consumers being able to access their vehicles from storage yards.

We will also consider all individual accident-related towing fees and whether a maximum fee is the most appropriate tool for addressing any potential market failure.

45 Accident Towing Services Act 2007, s 212I.
46 Accident Towing Services Act 2007, s 212I.
IPART seeks comment on the following

2 Do you agree with our preliminary view that the need for price regulation is strongest for accident related towing services for light vehicles in metropolitan regions?

3 What are your views on the need to regulate maximum fees for:
   – Light vehicle towing in non-metropolitan regions?
   – Heavy vehicle towing in metro and non-metropolitan regions?
   – Subsequent towing, vehicle storage and vehicle salvage services?

   How do you think the market would respond if price regulation was relaxed or removed for these services?

4 If price regulation for some accident towing markets or services was removed is there a need in the short term for some form of market monitoring or consumer assistance (eg, publishing benchmark rates)?
5 Analysing the efficient costs of providing accident towing services

Once we have identified the towing services and markets for which price regulation should be maintained, the next step in our proposed approach is to understand and quantify the efficient costs of providing those services. This will enable us to recommend a fee structure and maximum fee levels that reflect the efficient costs (discussed in Chapter 6).

Setting regulated prices in line with the efficient costs of the regulated services mimics the price outcomes that would most likely be achieved if prices were set in a competitive market for those services. It also promotes the interests of both tow truck customers and operators. For example, if these prices were set higher than efficient costs, then customers would pay too much and operators would make excess profits. But if they were set below efficient costs, then it would not be viable or sustainable for operators to continue providing services to a suitable standard.

The sections below outline the types of costs that tow truck operators incur and discuss the 2 methods we propose to use to estimate the efficient levels of these costs.

5.1 Types of costs tow truck operators incur

Tow truck operators incur costs, some of which are fixed costs and some variable (see Table 5.1). Fixed costs are those that do not vary based on the number of towing services the operator provides, such as vehicle financing and operator administration costs. These costs are typically shared across all of the operator’s activities and cannot be attributed to a specific service or job. Variable costs are those that can be directly attributed to specific towing services, such as fuel. They vary depending on the distance or time taken to provide the service or complete the job.
Table 5.1  Types of costs incurred by tow truck operators

<table>
<thead>
<tr>
<th>Cost Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver labour</td>
</tr>
<tr>
<td>Fuel</td>
</tr>
<tr>
<td>Vehicle maintenance (including tyres, repairs and servicing)</td>
</tr>
<tr>
<td>Vehicle capital costs (including vehicle lease payments or borrowing costs)</td>
</tr>
<tr>
<td>Property and building costs (including storage yard and building rental costs)</td>
</tr>
<tr>
<td>Operator administration costs (including management and other labour costs, office consumables, tools, utilities, accounting and other expenses)</td>
</tr>
<tr>
<td>Insurance (vehicle and other insurance)</td>
</tr>
<tr>
<td>Compliance and licencing costs</td>
</tr>
<tr>
<td>Other costs (including building maintenance)</td>
</tr>
</tbody>
</table>

Previous studies of tow truck operators’ costs in other jurisdictions have found that driver labour is the largest cost category – making up at least half of a tow truck operator’s total costs. Vehicle replacement costs are the next largest, making up around 14% of total costs.47

We note that some of the cost categories incurred by tow truck operators can be shared across multiple activities and jobs. For example, vehicle capital costs could be shared across price-regulated services (eg, accident towing and subsequent towing) as well as non-price-regulated services (eg, trade towing). In addition, if the tow truck business is part of another related business (such as a smash repairer), property and building costs could be shared across both the towing and non-towing parts of the business. Our analysis will need to estimate the efficient costs related to the price-regulated services only, to ensure the fees we recommend do not recover non-related costs.

We also note that some of the costs tow truck operators incur differ depending on whether they provide light or heavy vehicle towing services. For example, heavy vehicle towing requires larger, more expensive tow trucks than light vehicle towing. In addition, tow truck operators only using trucks with a gross combination mass of 25 tonnes or more are not required to maintain a holding yard and so would be likely to have lower property costs. Further, some costs (such as property and building costs) may also differ depending on whether the operator is located in the metropolitan or non-metropolitan area. Therefore, our cost analysis will also differentiate between the light and heavy vehicle markets and the metropolitan and non-metropolitan markets.

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47 NERA Economic Consulting, Benchmarking Accident Towing Fees and Options for Annual Adjustment, April 2013, p 24.
5.2 Our proposed approach to estimating efficient costs

We propose to estimate the efficient costs of providing towing services using 2 methods:

1. **a bottom up approach**, which involves gathering data on the costs of operating a towing business and estimating the efficient costs incurred in carrying out accident towing services

2. **a benchmarking approach**, which involves comparing the current regulated towing prices against the fees charged in the unregulated trade towing segment of the industry.

5.2.1 Bottom up approach

Under our bottom up approach, we will gather information on the costs incurred by tow truck operators for the services they provide, then use this information to estimate an efficient cost for the different towing services and markets. This will involve:

1. Collecting information on the **costs of operating a tow truck business**. For example, we will collect data on the cost of buying or leasing tow trucks, labour, fuel and other costs.

2. Collecting information on the **towing activity**, including:
   - the number and nature of towing jobs including the distance or time taken for each job
   - the amount of time typically spent on salvage operations
   - whether storage is required and if so, for how long, and
   - how quickly accidents are responded to and cleared.

Our analysis will take account of a range of factors that influence the efficient costs of providing different towing services across operators and markets. The sections below outline the factors we propose to consider.

**Type of vehicles towed**

Many of the costs of towing differ depending on whether the operator provides light or heavy vehicle towing. Heavy vehicle towing requires a tow truck that can tow vehicles in excess of 4.5 tonnes, which will result in higher vehicle capital costs as well as higher ongoing maintenance and fuel costs.

**Operator location**

Metropolitan and non-metropolitan operators are likely to have differing costs due to the locations of their businesses. This could affect property and building costs, insurance costs, operator administration costs and potentially other costs.
Whether the operator is metro or non-metro will also affect the number and nature of the towing jobs. As Chapter 2 indicated, more than half (58%) of all NSW accidents occurred in the Sydney metropolitan area.\(^{48}\) This equates to approximately 46 accident towing jobs per accident plate tow truck each year in metropolitan regions and approximately 24 accident towing jobs per accident plate truck each year in non-metropolitan regions.\(^{49}\)

### Operator size

As Chapter 2 noted, 50% of accident towing operators have more than 1 tow truck registered to their business. As part of this review we will consider how the number of trucks operated per business impacts on the costs per accident towing service.

### Services provided

Where operators provide both accident and trade towing services, their fixed costs will need to be apportioned between the 2 operations. The level of fixed costs attributed to the accident towing operation will have a significant effect on this review’s estimate of efficient costs of providing accident towing services.

### Number and nature of accident towing jobs

The number of accident towing jobs carried out by each operator is likely to vary widely. This will affect the estimation of costs of accident towing on a per-job basis due to the number of jobs directly affecting the portion of fixed costs allocated to each job.

Differences in the nature of towing jobs will also affect the cost estimate. It is likely that the time spent at the accident scene and the difficulty of preparing a vehicle for towing will vary between jobs. The distance vehicles are towed will also vary and impact the cost estimates.

### Utilisation of storage

The frequency with which accident towing services become vehicle storage services and the length of time vehicles are stored will affect the cost estimate of providing storage services. The storage yards with high utilisation levels will be able to spread their fixed costs over a larger number of jobs compared to those with low utilisation levels.

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\(^{48}\) Of the 42% of accidents that occurred in non-metropolitan NSW, 62% of these occurred in the combined Gosford/Wyong, the Hunter, North Coast and Illawarra area.

\(^{49}\) IPART calculation based on RMS tow truck data at 1 April 2014 and Transport for NSW, *Road Traffic Crashes in NSW, statistical statement for the year ended 31 December 2012.*
After-hours operation

Providing towing services outside of business hours is likely to involve additional costs. These additional costs are most likely to be labour costs due to the potential for payment of penalty rates for public holidays, weekends or overnight shifts.

5.2.2 Benchmarking approach

Under our benchmarking approach, we will compare the current regulated fees for accident towing services to the fees charged in the unregulated trade towing segment of the industry.

The market-determined prices of trade towing services should accurately reflect the efficient costs of providing those services. Thus, they provide price benchmarks that we can use to test whether the estimates produced by our bottom up approach are sensible, and make our final estimates more robust.

We acknowledge that there are differences between the trade towing services and accident towing services that are likely to affect their costs. As Chapter 2 noted, trade towing services are generally pre-booked, which means that operators providing these services tend to be able to better utilise their tow trucks and thus may have lower costs. We will investigate these differences further as part of our review.

IPART seeks comment on the following

5 Do you agree with our proposed approach to estimating the efficient costs of providing towing services?

6 Have we identified all the relevant factors that influence the costs of providing towing services across operators and markets? Are there other factors you consider to be important?

7 What are your views on how the following factors affect the costs of providing towing services:

- Whether the operator provides light and/or heavy vehicle towing services?
- Whether the operator is located in a metro or non-metro area?
- The size of the towing operator (measured through how many trucks they operate)?
- Whether the operator provides a combination of accident and trade towing services or accident towing only?
- The number and nature of towing jobs including the distance towed or time taken for each job, whether storage is required and how quickly accidents are responded to and cleared?
- The additional costs associated with after-hours work?
6 Deciding on an appropriate fee structure and fee levels

Once we have understood and quantified the efficient costs of providing the price-regulated services, our next step will be to set a fee structure and fee levels that reflect these costs. As Chapter 2 discussed, the current fee structure includes:

- a base fee for the service, which includes a specified distance or time threshold
- a variable fee that applies once the distance or time threshold is exceeded
- an after-hours surcharge that applies to towing work conducted outside of business hours
- different fee levels for light vehicle and heavy vehicle towing services, and for metropolitan and non-metropolitan markets (for light vehicle towing only).

The sections below outline how we propose to develop our recommended fee structure and fee levels, then discuss the key issues we will consider in relation to specific markets and services – including light vehicle accident towing, light vehicle salvage, light and heavy vehicle after-hours surcharge, and heavy vehicle accident towing. Note that all fee levels discussed below exclude GST and are quoted as at May 2014. A complete list of fees is contained in Appendix C.

6.1 Approach for developing fee structure and fee levels

As Chapter 5 discussed, tow truck operators incur both fixed and variable costs. Therefore, in principle an efficient fee structure and levels would recover the fixed costs through a fixed (or base) charge and the variable costs through a fee that varies with distance or time required to provide the service. For example, the level of base charges would be set to cover fixed costs such as insurance or compliance costs, while the level of the hourly or distance-based charge would be set to cover variable costs such as fuel and driver wages.

The current fee structure has these fixed and variable components. However, we need to consider which costs should be included in each fee component, as well as the right level for each component to allow tow truck operators to recover their costs in each business area subject to price regulation.
To do this, we will use our analysis of the costs per towing service (discussed in Chapter 5) and assign these costs to an appropriate fee component, with regard to:

- at what stage in the towing job the cost is incurred
- the efficiency of bundling related services into a single base fee.

We will also take into account a range of additional factors that affect the fee structure and level.

### 6.2 Light vehicle accident towing

As Chapter 2 outlined, the current fee structure for accident towing services includes 2 components:

- A fixed base fee ($245 per accident tow). This fee includes a distance threshold of 10 km in the metropolitan market and 20km in the non-metropolitan market, after which the variable fee below applies. It also includes a vehicle storage threshold of 72 hours, after which the vehicle storage fee discussed in section 6.4 applies.

- A variable fee ($5.94 per km in metropolitan market and $2.97 per km in non-metropolitan markets). The application of this fee differs depending on the market. In the Sydney metropolitan area, it applies after the first 10km of towing from the accident scene. In non-metro areas, it applies after the first 20km (including travel to the accident scene).

We will consider whether these fee components and levels are in the fixed and variable costs operators incur in carrying out accident towing work – that is, whether the base fee covers costs incurred regardless of the size of the job, and the variable fee covers costs that vary with distance towed and time taken to carry out the job. Some of the issues we will consider include whether:

- Including 72 hours of vehicle storage in the base fee is appropriate. We will take into account the extent to which this storage is utilised after accident towing jobs.

- The distance thresholds for the variable fee and the application of this fee are appropriate in each market. We will take into account the distance towed in a typical accident towing job. We will consider whether the time taken to complete the job is a more efficient basis for applying the variable fee, or whether a combination of these variables is better.

- Applying the fee based on distance travelled from the accident scene only, or to and from the accident is more efficient in each market.

The fixed fee for the towing of recovered stolen vehicles (currently $224) will also be assessed in this review using the same process that will be used for light vehicle accident towing.
6 Deciding on an appropriate fee structure and fee levels

6.3 Light vehicle salvage

The current fee structure for light vehicle salvage services includes one component only – a variable fee that depends on the time taken to complete the salvage work. The level of this fee is $59 per hour and it applies after the first 30 minutes of salvage work (ie, there is no charge for the first 30 minutes).

This fee structure reflects the difference between salvage work and accident towing work. Salvage is required when the vehicle to be towed is not on a road or road-related area. This work is conducted at the scene of the accident and can extend the time taken to commence an accident towing job. The time taken to complete salvage operations can also vary widely from job to job. However, once the salvage work is completed it does not affect the costs incurred in towing the salvaged vehicle. For this reason, the current charge is levied on a time-worked basis rather than included as a component of the base fee or levied as a flat fee or a surcharge on the total towing costs.

While these arrangements seem efficient, we will consider them further to assess whether alternative arrangements might be more appropriate. For example, it may be that salvage equipment differs between operators and this may affect the time taken to complete salvage work. If this is the case, the fees may need to differ based on the equipment used.

6.4 Light vehicle storage

Accident tow truck operators are required to have a holding yard where accident-damaged vehicles can be temporarily stored if the owner doesn’t know where they want the vehicle towed, or the requested destination is closed. This obligation imposes costs on operators, which must be recovered from accident tows.

As noted above, the current base fee for accident towing includes 72 hours of vehicle storage. After this time, a variable storage fee of $18.50 per day is levied. There is no variation in this fee based on the standard of storage service provided (eg, whether or not it is under cover or whether extra security is provided).

We will evaluate whether including up to 72 hours of vehicle storage in the base fee for all accident tows regardless of whether the vehicle is stored is appropriate. We will also consider whether a single fee after the first 72 hours of storage remains appropriate, or whether it may be more efficient for the base fee not to include storage and have a separate regulated storage fee. We will also consider whether to introduce differing fees for different storage conditions, vehicle types or locations. We are interested in stakeholders’ views on this issue.
6.5 Light and heavy vehicle afterhours surcharge

Currently, a percentage surcharge is applied to the price of any accident towing services that occur outside of business hours (20% for light vehicles and 50% for heavy vehicles). The light and heavy vehicle surcharges are also applied differently. The light vehicle surcharge is applied to fees for all accident towing services whereas the heavy vehicle surcharge is only payable on certain costs. This method allows towing operators to recoup the additional costs incurred for carrying out accident towing jobs late at night or on public holidays.

We will consider whether these surcharges and the hours to which they apply are the most efficient approach for recovering the additional costs associated with after-hours jobs, as well as the level of the surcharges.

6.6 Heavy vehicle accident towing, salvage and storage

The current fee structure for heavy vehicle accident towing includes a base fee levied on a per hour basis including up to 72 hours of vehicle storage. The level of fee varies depending on the class of the tow truck. There are 4 classes of heavy-vehicle-capable tow truck, with each class able to do larger jobs than the last.

These fees also vary after the first hour – with a higher fee applying for the first hour and a lower fee for each hour after that. Other heavy vehicle fees do not vary by vehicle class. These include fees for:

- Vehicle storage – can only be charged after the first 72 hours of vehicle storage. After that, a vehicle storage fee of $88 per day applies.
- Salvage – $79 per hour after the first 30 minutes.
- Additional drivers – $59 per hour for time spent at the accident site.
- Administration related to towing or salvaging load or freight – $59 per hour.
- After-hours surcharge – 50% payable only on labour costs.

This is likely to reflect that costs incurred in carrying out additional work at the site of the towing job (or after the towing job) do not vary according to the class of vehicle used.

We will assess efficiency and appropriateness of the fee structure, fee levels and application for heavy vehicle towing services, considering the same issues and factors as discussed above for light vehicle towing fees.

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50 For heavy vehicles, the 50% surcharge is applied to the second driver and administrative work charges for accident and recovery tows. 50% surcharge is applied to hourly rate and administrative work charges for heavy vehicle salvage work.

51 For example, Class 4(A) tow trucks incur a $250 1st hour charge compared with Class 4(C) tow trucks that incur a $335 1st hour charge.
6 Deciding on an appropriate fee structure and fee levels

IPART seeks comment on the following

8 Do you agree with the current structure and level of fees for light vehicle accident towing, salvage and storage services? If not, which fees concern you (eg, accident towing or storage)? Which aspects of the fee concern you (eg, the level, how it is applied, what is included) and why?

9 Do you agree with the current structure and level of fees for heavy vehicle accident towing and salvage services? If not, which fees and fee aspects concern you and why?
7 Deciding how fees should be set in future years

One of the final issues we will consider in relation to the fee structure and charging arrangements for price-regulated services is how the fees should be set in future years. This includes how they should be adjusted from year-to-year, and how often they should be subject to a major review.

Annual adjustment is necessary because any recommended fees will reflect the efficient costs of providing the regulated services in 2015. As these costs will change with inflation and other factors, the fees need to be adjusted to ensure they remain cost-reflective. Periodic reviews are necessary because as markets and technology change, the appropriate fees and charging arrangements today may no longer be appropriate in the medium to long term. However, we note that any changes to the licencing framework may impact on how fees are set in the future.

The sections below discuss the approaches for making annual adjustments and consider the issue of periodic reviews.

7.1 Approaches for annual fee adjustments

Wherever possible, we consider that the approach used for annual adjustments to regulated prices should:

- rely on independent and verifiable data that is publicly available
- be based on a reasonable estimate of the annual cost changes in the industry, taking into account changes in both input costs and productivity (i.e., how inputs are used to produce outputs)
- represent a reasonable balance between simplicity and transparency on the one hand and accuracy on the other hand.

For regulated tow truck fees, we consider there are 2 main options for the approach for annual fee adjustments. These are:

- inflating fee levels by the annual change in the Consumer Price Index (CPI) or a subset of the CPI, or
- constructing an industry-specific cost index and inflating fees levels by the annual change in this index.
7 Deciding how fees should be set in future years

7.1.1 Inflating fees by annual change in CPI

The CPI measures the change in the prices paid by consumers for a basket of Australian-produced and imported products. This change, which can be measured for Sydney or for all Australian capital cities, reflects:

- wage outcomes across the relevant region
- changes in other input costs
- the economy-wide change in productivity
- the movement in the exchange rate, which is passed through in the price of imported products and Australian-produced traded goods.

However, the basket of products used for the CPI is clearly very different from the ‘basket’ of services provided by the accident towing industry. Therefore, an alternative might be to use a subcomponent of the CPI that is more appropriate to the industry. In particular, we could use:

- The ‘private motoring’ sub-component, which includes costs such as vehicle acquisition, fuel, maintenance and running costs.
- The ‘transport’ subcomponent, which mainly comprises private motoring costs (94%), but also includes a small amount of public transport fares (6%).

(See Box 7.1 for more detail.)

However, while the underlying cost categories in these subcomponents are more relevant to the tow truck industry, they only represent some of the costs incurred by a tow truck operator. Importantly, they don’t include wage costs which typically represent about half of a tow truck operator’s total costs (see Chapter 5).

Since the CPI does reflect the general wage increases and productivity gains in the economy, over a number of years, it may better reflect changes in tow-truck industry costs than the transport (or private motoring) subcomponent. It also has other advantages compared to the subcomponents, including that it is widely applied to other regulated fees, and is simple, fairly predictable and widely accepted. It has also been used to adjust accident towing fees in recent years.

52 Victoria uses the transport component of the CPI (Melbourne) to index accident towing and storage fees. For example, see Essential Services Commission, Periodic review of accident towing and storage fees, Final Report, July 2013, p 81.

53 One disadvantage is that it reflects prices for imported and Australian produced goods and services. This could mean, for example, that a falling exchange rate increases imported prices by more than the prices of non-traded goods and services such as towing. However, the impact of this is likely to be small. The Reserve Bank of Australia estimates that a 10% increase in the exchange rate typically results in a 1% reduction in consumer prices spread over 3 years (E. Chung, M. Kohler and C. Lewis, The Exchange Rate and Consumer Prices, Reserve Bank of Australia Bulletin, September Quarter 2011, p 9.)
7 Deciding how fees should be set in future years

Box 7.1 The transport and private motoring components of CPI

<table>
<thead>
<tr>
<th>Component of Transport CPI</th>
<th>Share in Transport CPI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private motoring</td>
<td>94%</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>28%</td>
</tr>
<tr>
<td>Spare parts and accessories for motor vehicles</td>
<td>9%</td>
</tr>
<tr>
<td>Automotive fuel</td>
<td>31%</td>
</tr>
<tr>
<td>Maintenance and repair of motor vehicles</td>
<td>14%</td>
</tr>
<tr>
<td>Other services in respect of motor vehicles</td>
<td>12%</td>
</tr>
<tr>
<td>Urban transport fares</td>
<td>6%</td>
</tr>
<tr>
<td>Urban transport fares</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>


7.1.2 Inflating fees by the annual change in a tow truck industry-specific cost index

The second approach we could use to update regulated fees is to construct a cost index that reflects the cost structure of the accident towing industry. A cost index measures, in percentage terms, how much the overall cost of providing a particular good or service has changed. There would be 2 parts to an accident tow truck cost index:

- a list of costs faced by a typical accident tow truck operator and their relative importance (weightings)
- an estimate of how each of these costs changes over time (inflators) including scope for productivity improvements.

A cost index would consist of a ‘basket’ of cost items that a typical accident towing operator faces in providing towing and storage services – such as labour, vehicle and licencing costs. These items would be weighted according to the proportion of the overall cost of providing the service that they represent (eg, if paying wages is half of total costs then it has a weighting of 50%). Typically, only significant costs are listed separately; the index usually has an ‘other’ cost item to capture smaller costs.

The cost items and weightings would be constructed using the findings of the cost review we will use to set the recommended fee levels, discussed in Chapter 5 and 6. The cost index could be more or less complicated, depending on how many cost items are separately indexed. Box 7.2 provides a hypothetical example of what a fairly simple cost index could look like.
One potential complication with the cost index approach is that we may need to construct a separate cost index for storage fees, because the costs of storage are very different to the costs of accident towing. Similarly, we may need to consider constructing a separate cost index for light and heavy vehicles respectively.

Industry-specific cost indices are most useful when the costs include significant volatile components (such as fuel), or when an industry’s costs tend to increase at a different rate to general prices in the medium term. However, even if these conditions are present, a cost index will perform better than a CPI-based inflator only if the cost index weights and inflators accurately capture underlying costs and industry-specific changes in productivity.

Box 7.2 Hypothetical example of a simple cost index

We can construct a simple cost index by grouping the accident towing-related costs of a typical operator into 3 groups, namely staff costs, vehicle costs and other costs. We then give each of these groups a weight (ie, their share of total costs), and use the following inflators:

- for staff costs, the Wage Price Index (WPI) minus a productivity factor
- for vehicle costs, the change in the private transport sub component of the CPI
- for other costs, the change in the CPI.

The next step is to calculate each group’s contribution to the total increase by multiplying the inflator by the group’s share in total costs (ie, by weighting the inflators). The final step is to add these contributions to the increase, which in the example below gives a total increase of 2.2%.

<table>
<thead>
<tr>
<th>Item</th>
<th>Share in costs (ie, weight)</th>
<th>Inflator</th>
<th>Contribution to change</th>
<th>Inflator description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>50%</td>
<td>3%-0.5% =2.5%</td>
<td>1.3%</td>
<td>WPI less productivity improvement</td>
</tr>
<tr>
<td>Vehicle costs</td>
<td>33%</td>
<td>1.5%</td>
<td>0.5%</td>
<td>Private transport CPI sub component</td>
</tr>
<tr>
<td>Other costs</td>
<td>17%</td>
<td>2.5%</td>
<td>0.4%</td>
<td>CPI</td>
</tr>
<tr>
<td><strong>Weighted average increase</strong></td>
<td><strong>2.2%</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Our inflators need to reflect both changes in input prices and changes in productivity. The CPI and its components include changes in productivity, because they measure the prices of outputs. For example, a type of medicine might be 10% cheaper to produce because the business has become more efficient, even though input price have remained unchanged. The CPI will then fall despite no change in input prices. The WPI, on the other hand, simply measures the cost of a hour of labour input, without any regard to whether or not that hour of labour is used to produce more or less of the operator’s product. Therefore, we need to explicitly include a productivity factor if we use a WPI-based inflator.


7.2 Periodic review of fees

The costs of providing accident tow truck services will change over time as input costs, market conditions and technologies change. Adjusting fees each year to reflect the change in a CPI or cost index will capture some of these changes, but is unlikely to capture all of them. Therefore, efficient costs also need to be reviewed in the medium-term, to allow such changes to be reflected in fees.

In addition, market conditions as well as licensing and other regulatory arrangements may change over time. We note that in our recent licensing review, PWC noted that, in general, licensing schemes that impose a material regulatory burden on a sector or restrict competition should be reviewed at least every 5 to 10 years. Therefore, we consider that the regulatory arrangements should also be reviewed in the medium-term, to ensure that such arrangements remain appropriate.

The number of years between periodic reviews should reflect a balance between the administrative burden a review involves and the risk that annual fee adjustments do not reflect changes in efficient costs and/or that the regulatory arrangements have become out-dated. We consider it appropriate to review the methodology every 4 to 5 years and make annual automatic adjustments of fees in between reviews.

IPART seeks comment on the following

10 How should accident towing and storage fees be adjusted in between reviews? What is an appropriate inflator for accident towing fees? For storage fees? Should heavy vehicle fees and light vehicle fees have different adjustment factors?

11 How often should accident towing and storage fees and other regulatory arrangements be reviewed?

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54 PricewaterhouseCoopers (PwC) (2013), A best practice approach to designing and reviewing licensing schemes – Guidance material, March 2013, p 68.
Identifying other regulatory reforms to reduce red tape

The final step in our proposed approach for this review is to identify reforms to the broad regulatory framework for the tow truck industry as a whole. We have been asked to recommend changes that could provide savings to business and the community – including net benefits for NSW, reduced regulatory burden for tow truck operators and cost savings to the NSW Government.

As Chapter 2 and 3 discussed, this regulatory framework is based on 3 licences administered by RMS:
1. tow truck operators licence
2. tow truck drivers certificate
3. towing authorisation.

The licences impose a number of requirements on tow truck operators and drivers to address the broad objectives outlined in Chapter 2. These requirements add to the costs of providing towing services. It is therefore appropriate to review these requirements to ensure the benefits they produce outweigh the additional costs they impose on the industry.

The sections below outline the approach we will use to identify potential changes to this regulatory framework, and then discuss key elements of each type of licence in more detail and the issues we will consider. We are keen to know stakeholders’ views on which elements or other aspects of the regulatory framework impose an unnecessary burden on operators.
8.1 Our approach for identifying opportunities for regulatory reform

As Chapter 3 discussed, we propose to use the assessment framework and principles developed for IPART’s current regulatory red tape review to help us identify regulatory changes that could provide savings to business and the community.\textsuperscript{55} This framework includes 4 stages:

\begin{itemize}
  \item Stage 1 – is licensing an appropriate option?
  \item Stage 2 – is the licensing scheme well designed?
  \item Stage 3 – is the licensing scheme administered effectively/efficiently?
  \item Stage 4 – is the licensing scheme the best response?
\end{itemize}

(Chapter 3 and Appendix D provide more information on the framework.)

We do not apply the framework to the tow truck industry licences as part of our separate regulatory red tape review, as these licences were not found to be among the top priorities for reform. But as part of this review, we have the opportunity to improve these licences and reduce the regulatory burden on the tow truck industry.

8.2 Tow truck operators licence

Any person carrying on a business as a tow truck operator must hold a tow truck operators licence, unless the only towing work they do is to collect vehicles for delivery to a scrap metal facility.\textsuperscript{56} To be granted and to keep a licence, an operator must meet a range of requirements.

8.2.1 Character requirements

Before granting an operator’s licence, RMS must be reasonably confident the applicant is of a good character. RMS must refuse to grant a licence on mandatory grounds, including if:\textsuperscript{57}

\begin{itemize}
  \item in the past 10 years the applicant has been found guilty of fraud, assault or possession of a firearm or a prohibited drug
  \item the applicant is a member of a criminal organisation.
\end{itemize}


\textsuperscript{56} Tow Truck Industry Act 1998, s 15; and Tow Truck Industry Regulation 2008, cl 25A.

\textsuperscript{57} Tow Truck Industry Act 1998, s 18(2); and Tow Truck Industry Regulation 2008, cl 7(1).
Moreover, RMS may refuse to grant the licence on discretionary grounds, including if, in the opinion of RMS:\(^58\)

- the applicant is not a fit and proper person to hold a licence, or is otherwise not competent to carry out the kind of towing work to which the licence relates
- granting the licence would be contrary to the public interest.

These character requirements may also be extended to the close associates of the applicant.\(^59\)

### 8.2.2 Holding yard requirements

Unless otherwise approved or exempted by RMS, operators that provide accident towing services must own or lease a suitable holding yard located within 10 km from their place of business.\(^60\) This requirement in particular adds to the cost of providing towing services.

Each holding yard used by the operator must be specified in the licence, must meet the security and storage capacity requirements set out in the regulations, and must be accessible at all times by each of the operator’s tow trucks.\(^61\)

Operators exempted from the requirement to have holding yards include those that tow heavy vehicles only, or vehicles for the purpose of metal recycling, vehicle demolishing or dismantling only.\(^62\)

### 8.2.3 Tow truck requirements

Operators can only use tow trucks that are specified in their licence, except where another truck (a stand-by tow truck) has been approved for use by RMS while a licensed truck is being repaired or serviced. They must also ensure all their tow trucks are registered and insured (see below).\(^63\)

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\(^{58}\) Tow Truck Industry Act 1998, s 18(3).

\(^{59}\) Tow Truck Industry Act 1998, ss 18(2)(e), 18(3).

\(^{60}\) Tow Truck Industry Act 1998, s 20(2)(c1); and Tow Truck Industry Regulation 2008, cl 35.

\(^{61}\) Tow Truck Industry Act 1998, s 20(d); and Tow Truck Industry Regulation 2008, cls 5(g), 36, 37, 38.

\(^{62}\) I.e, who only operates tow trucks with a gross combination mass of 25 tonnes or more. Tow Truck Industry Regulation 2008, cl 40.

\(^{63}\) Tow Truck Industry Regulation 2008, cls 11, 54(1); and RMS, Application for Tow Truck Operators Licence, cl 6.
Each tow truck operated must be equipped as specified in the regulation, and must clearly display identifying information, such as:

- the name of the holder of the operating licence
- the number of the operating licence
- the tow truck number plates.

Some of these requirements are very prescriptive (for example, identifying information must be printed in block letters at least 50mm high on the right-hand side of the truck). However, this may help to avoid unnecessary confusion and disputes regarding whether the identifying information is clearly legible.

Operators are prohibited from using one-tonne tow trucks unless they have explicit permission from RMS. This is intended to prevent operators using trucks that are not fit-for-purpose to get to the accident scene quickly and obtain the towing authorisation, while the (heavier and slower) truck that will actually do the tow arrives later.

We note that tow truck drivers are required to ensure that the truck they are driving is suitable for the towing job.

### 8.2.4 Insurance requirements

Operators are required to maintain public liability insurance and on hook liability insurance unless exempt. (They may be exempted from maintaining on hook liability insurance if their tow trucks are used solely for towing motor vehicles for the purposes of metal recycling or vehicle demolishing or dismantling by a vehicle-wrecker.)

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64 Tow Truck Industry Regulation 2008, cl 44.
65 Tow Truck Industry Act 1998, s 20(e); and Tow Truck Industry Regulation 2008, cls 45, 47.
66 Tow Truck Industry Regulation 2008, cl 45.
67 Tow Truck Industry Regulation 2008, cl 53.
69 Tow Truck Industry Regulation 2008, cl 20(b).
70 Tow Truck Industry Regulation 2008, cls 5(h), 11(j), 12.
8.2.5 Reporting and record keeping requirements

Operators have to meet extensive reporting and record keeping requirements. Some of these requirements are detailed in Appendix E. We understand that the primary role of the record keeping requirements is to enable compliance checks and enforcement action. However, there appears to be some duplication in these requirements – for example, some information is duplicated in:

- the holding yard register
- the tow truck usage log
- the non-accident towing record
- accident towing authorisations.

Operators must submit a copy of towing authorisations to RMS within 28 days of when the tow was completed.\textsuperscript{71} RMS, a police officer or an authorised officer can also at any time request copies of these and other records that the operator is required to keep.\textsuperscript{72}

We note that operators must also notify RMS of any change (or proposed change) in their licence particulars, insurance particulars and particulars of close associates.\textsuperscript{73}

To minimise the burden of record keeping and reporting requirements on both the industry and the regulator, it is important that these requirements are the minimum necessary. And the systems for collecting and providing access to this information should be designed to minimise the cost and effort of complying with the requirements (eg, through leveraging electronic technology). In turn, this provides the greatest likelihood of compliance with the requirements.

8.2.6 Requirements relating to employed tow truck drivers

As employers, operators have requirements related to their tow truck drivers and are held responsible for some of the requirements on these drivers (discussed in section 8.3).

First, operators must make each driver aware of their obligations under the Act and the Regulation, and must ensure that each driver signs a declaration to the effect that the driver understands these obligations. Operators must also sign a declaration to the effect that they have provided each driver with a copy of RMS’s approved summary of the Act and Regulation, and explained the provisions in this summary.\textsuperscript{74}

\textsuperscript{71} Tow Truck Industry Regulation 2008, cl 34(1).
\textsuperscript{72} For example: Tow Truck Industry Act 1998, ss 20(1), 60(6), 78; and Tow Truck Industry Regulation 2008, cl 11(t), 33(4), 34(2).
\textsuperscript{73} Tow Truck Industry Act 1998, ss 20(2), 37(1); and Tow Truck Industry Regulation 2008, cl 25.
\textsuperscript{74} Tow Truck Industry Regulation 2008, cl 11.
We note that RMS has developed and made available a training program for tow truck drivers. The program is currently voluntary, but RMS expects to make it mandatory in the coming years. The RMS website suggests an important part of the program is to educate drivers about their legal requirements when operating a tow truck.\footnote{RMS, \textit{Licensing: Driver and Operator Training}, at http://www.rms.nsw.gov.au/heavyvehicles/towtrucks/licensing/training.html, accessed 20 May 2014.}

Second, operators are required to ensure that the tow truck drivers comply with particular requirements relating to accident towing authorisations. These include requirements that:\footnote{Tow Truck Industry Regulation 2008, cl 32.}

- a copy of the towing authorisation is immediately provided to the person giving the authorisation
- the original towing authorisation is provided to the operator within 72 hours of completing the towing work
- a correctly completed towing notice is attached to the vehicle being towed
- the towing notice is not removed from the vehicle by a person not permitted to do so under the Regulation.

\subsection*{8.2.7 Licence duration and renewal}

The duration of a tow truck operator’s licence is typically either 1 or 3 years. Currently, a 3-year operating licence is only available to operators that have held 1-year licences for at least 3 consecutive years prior to applying for a 3-year licence.\footnote{Tow Truck Industry Act 1998, s 22.}

Three-year licence durations were introduced in 2008 to allow existing operators and drivers with proven track records to apply for 3-year licences and certificates at a discounted rate.\footnote{NSW Parliament, Legislative Council, Tow Truck Industry Amendment Bill 2008, Second Reading Speech, 29 October 2008.} In addition to the saving in licence fee payments, it reduces the regulatory burden on trusted operators and drivers.

Generally, a key rationale for requiring a licence to be renewed periodically is that the licence holder’s particulars may change over time. However, as operators are required to inform RMS of such changes, this does not appear to be a strong reason in this case.
Another rationale for requiring periodic renewal of a licence is the need to recover the cost of compliance and enforcement efforts. However, offering longer licence durations (e.g., 5 years) along with higher licence fees (but with a greater discount) could still allow the regulatory scheme to be funded without compromising the regulatory objectives.

We note that RMS alerts operators when their licence is approaching its expiration date. RMS then proceeds to consider whether licence renewal should be granted, unless the operator informs RMS that they do not wish for the licence to be renewed. To properly assess whether licence renewal should be granted, RMS may request the operator to provide specific information or records.\(^79\) This has the potential to be a very light-handed and efficient approach to processing licence renewals, if RMS frequently does not require additional information or records.

### 8.2.8 Licence fees

Tow truck operators are required to pay a range of fees and charges to run their businesses. The levels of the fees also vary depending on the location of the business and the type of towing that the operator undertakes. Table 8.1 sets out the current fees.

<table>
<thead>
<tr>
<th>Fee item</th>
<th>Cost 1-year term</th>
<th>Cost 3-year term</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator’s licence – metro</td>
<td>$984</td>
<td>$2,513</td>
<td>Includes $345/$620 non-refundable administration fee</td>
</tr>
<tr>
<td>Operator’s licence – country</td>
<td>$633</td>
<td>$1,470</td>
<td>Includes $345/$620 non-refundable administration fee</td>
</tr>
<tr>
<td>Tow truck plate – metro – category A</td>
<td>$369</td>
<td>$1,099</td>
<td>Per plate, per term</td>
</tr>
<tr>
<td>Tow truck plate – metro – category B &amp; C</td>
<td>$352</td>
<td>$1,046</td>
<td>Per plate, per term</td>
</tr>
<tr>
<td>Tow truck plate – country – category A</td>
<td>$146</td>
<td>$436</td>
<td>Per plate, per term</td>
</tr>
<tr>
<td>Tow truck plate – country – category B &amp; C</td>
<td>$141</td>
<td>$417</td>
<td>Per plate, per term</td>
</tr>
<tr>
<td>Licence amendment fee</td>
<td>$51</td>
<td>$51</td>
<td></td>
</tr>
<tr>
<td>Replacement operator’s licence</td>
<td>$29</td>
<td>$29</td>
<td></td>
</tr>
<tr>
<td>Reissue conditional operator’s licence</td>
<td>$29</td>
<td>$29</td>
<td></td>
</tr>
<tr>
<td>Stand-by tow truck application fee</td>
<td>$333</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-application for expired conditional operator’s licence (within 5 days)</td>
<td>$305</td>
<td></td>
<td>If expired more than 5 business days, full re-application fee applies</td>
</tr>
</tbody>
</table>


\(^79\) Tow Truck Industry Act 1998, ss 33(5), 34.
Licensing fees and charges imposed should not recover more than the efficient costs associated with administering the licensing scheme and undertaking compliance and enforcement efforts.

Charging fees that represent the efficient cost of undertaking these activities promotes efficiency by ensuring the full societal cost of the sector is incorporated into the tow truck operators’ and drivers’ operational costs, and therefore in their decision making.

8.3 Tow truck drivers certificate

A person cannot operate a licensed tow truck on a road or road-related area unless they hold a tow truck drivers certificate.80

8.3.1 Character requirements

These requirements are essentially the same as the character requirements that apply to a tow truck operator. Before granting a driver’s certificate, RMS must be reasonably confident that the applicant is of a good character. RMS must refuse to grant a driver’s certificate on mandatory grounds, including if:

• in the past 10 years the applicant has been found guilty of fraud, assault or possession of a firearm or a prohibited drug

• the applicant is a member or associates with members of a criminal organisation.

Moreover, RMS may refuse to grant the driver’s certificate on discretionary grounds, including if, in the opinion of RMS:

• the applicant is not a fit and proper person to hold a driver’s certificate, or is otherwise not competent to carry out the kind of towing work to which the driver’s certificate relates

• granting the driver’s certificate would be contrary to the public interest.

8.3.2 Competency requirements

Currently, the only competency requirement that applies to tow truck drivers is that they hold a full driver licence.83 However, as noted above, RMS has developed a training program for tow truck drivers which is currently voluntary, but which may be made mandatory in the near future.

---

80 Tow Truck Industry Act 1998, s 23.
81 Tow Truck Industry Act 1998, s 26(2); and Tow Truck Industry Regulation 2008 cl 16(1).
82 Tow Truck Industry Act 1998, s 26(3).
83 Tow Truck Industry Act 1998, s 26(2)(c).
8.3.3 Reporting requirements

As discussed above, operators are required to ensure that the tow truck drivers comply with reporting requirements relating to accident towing authorisations. However, as these authorisations can only be obtained by the driver of the truck that will be towing the vehicle, the requirement to complete them accurately lays with drivers.

Similarly, drivers are likely to be the ones completing other records that operators are required to keep. It is worth considering whether reporting requirements are the minimum necessary, and whether the reporting systems are designed to minimise compliance effort.

8.3.4 Licence duration and renewal

Tow truck driver certificates are also available for either 1 or 3 years. Three-year certificates are intended to reward drivers with proven track records, and require that the driver has held 1-year certificates for at least 5 consecutive years prior to applying for a 3-year certificate.84

As in the case of operator licences, offering longer certificate durations (e.g., 5 years) along with higher certificate fees could still allow the regulatory scheme to be funded without compromising the regulatory objectives. The renewal process for driver certificates is the same as for operator licences.85

8.3.5 Licence fees

Table 8.2 shows the current fees for tow truck driver certificates.

<table>
<thead>
<tr>
<th>Fee item</th>
<th>Cost 1-year term</th>
<th>Cost 3-year term</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver’s certificate</td>
<td>$193</td>
<td>$436</td>
<td>Includes $115/$207 non-refundable administration fee</td>
</tr>
<tr>
<td>Replacement driver’s certificate</td>
<td>$29</td>
<td>$29</td>
<td></td>
</tr>
<tr>
<td>Reissue conditional driver’s certificate</td>
<td>$29</td>
<td>$29</td>
<td></td>
</tr>
<tr>
<td>Re-application for expired conditional operator’s</td>
<td>$105</td>
<td></td>
<td>If expired more than 5 business days, full re-application fee applies</td>
</tr>
<tr>
<td>driver’s certificate (within 5 days)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


---

84 *Tow Truck Industry Act 1998*, s 31(2).
85 *Tow Truck Industry Act 1998*, ss 33, 34.
As noted above, these fees and charges should not recover more than the efficient costs associated with administering the licensing scheme and undertaking compliance and enforcement efforts.

8.4 Towing authorisation

Tow truck drivers cannot carry out accident towing work unless they have obtained a towing authorisation, or are acting in accordance with directions from a police officer or authorised officer. Operators buy towing authorisations in bulk (towing authorisation books) and provide them to their drivers. A towing authorisation book contains either 5 or 20 authorisation forms, where each form costs $23.87.

Tow truck drivers must comply with a range of conditions in relation to obtaining a towing authorisation and carrying out the tow. For example:

- the authorisation to tow a vehicle can only be given by:
  - the owner or the driver of the vehicle to be towed
  - a police officer
  - an authorised officer
- a towing authorisation can only be obtained by the driver of the tow truck which will be used to tow the vehicle
- before commencing the tow, a towing notice must be completed and attached to the vehicle in the approved manner
- a copy of the completed towing authorisation must be provided immediately to the person giving the authorisation
- within 72 hours of completing the tow, the tow truck driver must deliver the original towing authorisation to the tow truck operator
- a copy of the towing authorisation must be provided to RMS within 28 days of the tow.

For a towing authorisation to be valid, the following details must be completed (see Appendix B):

- a quote for the towing job
- date and time
- the name of the operator and the operator licence number

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86 Tow Truck Industry Act 1998, s 49; and Tow Truck Industry Regulation 2008, cl 27.
88 Tow Truck Industry Act 1998, s 50; and Tow Truck Industry Regulation 2008, cls 29, 32, 34.
89 Tow Truck Industry Regulation 2008, cl 32(2) and example of towing authorisation form (provided in Appendix B).
Identifying other regulatory reforms to reduce red tape

- the tow truck registration number
- the name and drivers certificate number of the tow truck driver
- the name and address of the driver and owner of the vehicle being towed
- the registration number of the vehicle being towed
- the starting point and the destination for the tow
- signature of the tow truck driver
- signature of the owner/driver of the vehicle being towed, or a police officer or authorised officer.

IPART seeks comment on the following:

12 Do you consider that any of the requirements of the tow truck operator’s licence, the tow truck driver’s certificate, or the accident towing authorisation impose unnecessary red tape for the industry? If so:
   - Which requirements?
   - How would you change these requirements to reduce the burden while still ensuring that customers are adequately protected and the regulatory objectives achieved?

13 Should all operators be required to operate their own holding yards?

14 Could record keeping requirements be reduced and/or designed to avoid unnecessary duplication of effort? Is the level of detail required in a towing authorisation appropriate?

15 Should the duration of operator licences and driver certificates be extended?

16 What is the appropriate way to recover the costs of administering the regulatory scheme, including the costs of compliance and enforcement activities? Are the licence fees and the price of towing authorisations appropriate?
Appendices
Identifying other regulatory reforms to reduce red tape
A | Terms of Reference

Review of Maximum Towing Fees - (Light and Heavy Vehicles)

I, Barry O’Farrell, pursuant to Section 9 of the Independent Pricing and Regulatory Tribunal Act 1992, request that the Independent Pricing and Regulatory Tribunal (IPART) conduct an investigation into the maximum fees and charging arrangements for towing services under Section 54 of the Tow Truck Industry Act 1998 and provided for in Part 4A of the Tow Truck Industry Regulation 2008.

In conducting its review IPART should recommend fees that reflect:

1. The efficient cost of providing the services by tow truck operators and the need for greater efficiency in the supply of services so as to reduce costs for the benefit of consumers.

2. An appropriate fee structure and charging arrangements for towing services for both light and heavy towing to ensure adequate protections for consumers at accident scenes.

3. Any changes required to the regulatory framework to ensure the towing industry operates efficiently and consumers are provided adequate protections.

IPART should also recommend an appropriate approach for updating fees on an annual basis.

In providing recommendations IPART should have regard to:

1. The effect any recommendations may have on the viability and sustainability of the provision of towing services, in particular in remote regions of NSW

2. Whether there should be different charging schedules and arrangements for towing light and heavy vehicles

3. Maintaining or improving the standards of quality, reliability and safety of the services provided by the towing industry

4. Recommendations for potential regulatory reforms that could provide savings to business and the community, including net benefits for NSW, regulatory burden reduction and budget implications for Government.
IPART should undertake public consultation. A draft report should be publicly released for comment within eight months of receiving this Terms of reference. A final report should be provided to the Minister for Roads and Ports four months after release of the draft report.

The Hon Barry O'Farrell MP

Premier

Minister for Western Sydney

Dated at Sydney  25 March 2014
B Towing authorisation form

From: TA20-1xxxxxxx To: TA20-1xxxxxxx

example only

TOWING AUTHORISATION BOOK

Operators licence number:  

Tow Truck registration number:  

Start Date:  

End Date:  

Issued under the Tow Truck Industry Act 1998

If found please return to:
Roads & Traffic Authority
Tow Truck Licensing & Compliance
Locked Bag 5054
PARRAMATTA NSW 2124
New Towing Authority Form – Instructions for use

On 1 September 2007 a new towing authorisation form was introduced. From this date the new form must be used for all motor vehicles towed when undertaking accident towing work (as defined in section 3 of the Tow Truck Industry Act 1998).

All sections of the form, including the quotation and towing notice, must be completed as far as is practical. Part 3 of the Tow Truck Industry Regulation 1999 details procedures for dealing with towing authorisations and penalties that may be imposed for failure to comply with all requirements in completing the towing authorisation.

The cost of the towing authorisations have been incorporated in the maximum tow fee to enable tow truck operators to recoup the cost of purchase.

Page 1
Contains the rights of the owner/driver of the towed vehicle and a quotation for towing services.

The quotation must be completed with all fees and charges explained to the motorist. This section is used when towing a motor vehicle not having a gross vehicle mass in excess of 4 tonnes only.

Tow truck drivers must sign and acknowledge that they have advised the owner/driver of their rights in relation to the towing work and provided an estimate of the subsequent charges (please note that this quotation is part of the approved towing authorisation form and must be completed when towing a motor vehicle not having a gross vehicle mass in excess of 4 tonnes).

Page 2
Found on the reverse of page 1 and contains information for consumers on their responsibilities. Tow truck drivers must explain the contents to the motorist prior to signing the acknowledgement on page 1. Also contains contact details for major insurers.

Page 1 & 2 are to be removed from the book and provided to the motorist.

Page 3 to Page 5
The new towing authorisation form in triplicate, tow truck drivers must complete all applicable sections of the form (page 4 & 5 are carbon copies). Please ensure the cardboard insert is placed after the towing authorisation notice to ensure information is not transferred onto the following group of forms, rendering them illegible.
• Page 3 (white copy) is to be detached and forwarded to the tow truck operator within 72 hours
• Page 4 (blue copy) is to be detached and provided to the motorist
• Page 5 (pink copy) is to remain in the book

Page 6
After completing the towing authorisation form tow truck drivers must complete all details on the towing notice (green sticker) and attach it to the motor vehicle to be towed.

PLEASE NOTE:
A towing authorisation must be obtained prior to completing (in the approved manner), and attaching the towing notice (green sticker) to the motor vehicle to be towed. [see cl 43 of the Regulation] The maximum penalty is $5500.

The towing notice (green sticker) is now numbered the same as the towing authorisation and can only be used in conjunction with that authorisation so only complete and attach to the vehicle after authority to perform the tow has been obtained.
### Quotation for Towing Services

<table>
<thead>
<tr>
<th>ITEM</th>
<th>NUMBER</th>
<th>COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>*Base tow fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Second tow fee (if Applicable)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>*Excess kilometres (if Applicable)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| *After hours surcharge              |        |      |
|                                     |        | 20%  |
| **GST**                             |        | 10%  |

**TOTAL**

#### Storage Fees** - per day after 72 hours

- Towing fees must not exceed those prescribed in the schedule of Maximum Tow Fees
- Safe storage of your vehicle in an approved holding yard for the first 72 hours are at no cost, Storage fees after 72 hours must not exceed the prescribed maximum storage fee.

### Rights – Owner / Driver of towed vehicle

- Towing quotation completed
- Rights explained to motorist
- Page signed by tow truck driver and provided to owner/driver

Owner / Driver Copy

---

**TA20-1xxxxxxx**

---

**IPART**

---

**Page signed by tow truck driver and provided to owner/driver**
Responsibilities - Owner / driver of towed vehicle

1. As the owner / driver your main responsibility is to authorise the tow truck driver to tow your vehicle and report the accident to the Police immediately. Make sure that:
   - the place that you want your vehicle towed to is shown on the form and all other details are correct
   - you sign the Towing Authorisation form
   - the tow truck driver has completed all sections of the form and has also signed the form and provided you with a copy to keep
   - all of the costs involved are explained to you (low fee, excess km, salvage, storage and the surcharge outside business hours). A summary of the current maximum towing fees is available on our web site at www.towtrucks.nsw.gov.au
   - you are also given the quotation for towing services by the tow truck driver towing your vehicle. This quotation will provide you with a contact number of the business and electronic funds transfer

2. If your vehicle is covered by a comprehensive policy, you may be notified of the towing costs (covered in your claim. However, you should also provide us with the contact numbers provided below)

3. It is your right to choose who will tow the vehicle and to authorise the tow truck driver to tow your vehicle. In certain circumstances where you are unable to give this authorisation, a Police Officer or other authorised officer will be able to authorise the towing of your vehicle. (An authorised officer will have a photo ID card)

4. If your vehicle needs to be towed you must contact Police immediately if possible but, in exceptional circumstances, within 24 hours after the crash (Police Assistance Line 131 444)

Check your Driver's Credentials

All accredited tow truck drivers in NSW must have a drivers certificate in their possession:

![Tow Truck Drivers Certificate](image)

Mr John Citizen
RTO Driver Number: 1234567
Date of Issue: 1 January 2020
Certificate Code: A20001
Certificate No: 49999

Contact numbers for major insurers

<table>
<thead>
<tr>
<th>Insurer</th>
<th>Phone Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>AAMI</td>
<td>13 22 44</td>
</tr>
<tr>
<td>Allianz</td>
<td>131 000</td>
</tr>
<tr>
<td>NRMA</td>
<td>131 123</td>
</tr>
</tbody>
</table>
# Towing authorisation form

**TA20-1xxxxxxx**

## 1 TOW TRUCK OPERATOR / DRIVER DETAILS

<table>
<thead>
<tr>
<th>Licensee Name:</th>
<th>Contact Phone No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tow Truck Driver Name (print):</th>
<th>Tow Truck Driver's Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers Certificate No:</td>
<td></td>
</tr>
</tbody>
</table>

## 2 VEHICLE / OWNER / DRIVER DETAILS

<table>
<thead>
<tr>
<th>Drivers Name:</th>
<th>Phone No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers Address:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vehicle Owners Name:</th>
<th>Phone No:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Owners Address:</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registration No:</th>
<th>Make/Model of Vehicle:</th>
<th>Colour:</th>
</tr>
</thead>
</table>

## 3 TOWING DETAILS

Towed From:

Towed To:

Second Tow Destination (only applicable if desired destination isn't accessible at time of first tow):

I, the (towed vehicle owner / driver) have been provided with a copy of my rights in respect to this towing work, and an estimate of the charges for towing, storage and salvage. I acknowledge that this is the location I want the vehicle towed to and authorise the towing of this vehicle. I also acknowledge that I am required to report this accident to the Police immediately.

Owner / Driver Signature:  
Data / Time:  

## 4 POLICE / AUTHORISED OFFICER AUTHORISATION

POLICE TO PAY  
OWNER TO PAY

This authorisation has been completed and authorised by:

Police / Authorized Officer Name / Number (print):  
LAC:  
Capacity:  
LAC Phone No:  
Signature:  

---

**TOW TRUCK OPERATOR COPY**

Forward to operators place of business

---

Review of maximum towing fees (light and heavy vehicles)  [IPART](#)  67
**Towing authorisation form**

<table>
<thead>
<tr>
<th>1 TOW TRUCK OPERATOR / DRIVER DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Licencee Name:</strong></td>
</tr>
<tr>
<td>Address:</td>
</tr>
<tr>
<td><strong>Tow Truck Driver Name (print):</strong></td>
</tr>
<tr>
<td><strong>Drivers Certificate No.:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 VEHICLE / OWNER / DRIVER DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Drivers Name:</strong></td>
</tr>
<tr>
<td><strong>Drivers Address:</strong></td>
</tr>
<tr>
<td><strong>Vehicle Owners Name:</strong></td>
</tr>
<tr>
<td><strong>Vehicle Owners Address:</strong></td>
</tr>
<tr>
<td><strong>Registration No.:</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 TOWING DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Towed From:</strong></td>
</tr>
<tr>
<td><strong>Towed To:</strong></td>
</tr>
<tr>
<td><strong>Second Tow Destination (only applicable if desired destination isn't accessible at time of first tow):</strong></td>
</tr>
</tbody>
</table>

I, ___________________________ (towed vehicle owner / driver) have been provided with a copy of my rights in respect to this towing work, and an estimate of the charges for towing, storage and salvage. I acknowledge that this is the location I left the vehicle towed to and authorise the towing of this vehicle. I also acknowledge that I am required to report this accident to the Police immediately.

**Owner / Driver Signature:** ___________________________ **Date / Time:** ___________________________

<table>
<thead>
<tr>
<th>4 POLICE / AUTHORISED OFFICER AUTHORISATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>POLICE TO PAY</strong></td>
</tr>
</tbody>
</table>

This authorisation has been completed and authorised by,  
**Police / Authorised Officer Name:** ___________________________ **Name (print):** ___________________________  
**LAC:** ___________________________

| **Capacity:** | **LAC Phone No.:** | **Signature:** |

**OWNER / DRIVER COPY**

Provide to the owner / driver of the vehicle
## Towing Authorisation Form

**Towing Authorisation Number:** TA20-1xxxxxx

**Tow Truck Registration No.:**

**Operator's Licence No.:**

### 1. Tow Truck Operator / Driver Details

<table>
<thead>
<tr>
<th>Licensee Name</th>
<th>Contact Phone No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Tow Truck Driver Name (print):</th>
<th>Tow Truck Driver's Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drivers Certificate No.:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

### 2. Vehicle / Owner / Driver Details

<table>
<thead>
<tr>
<th>Drivers Name:</th>
<th>Phone No.:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drivers Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vehicle Owners Name:</th>
<th>Phone No.:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vehicle Owners Address:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Registration No.:</th>
<th>Make/Model of Vehicle:</th>
<th>Colour:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3. Towing Details

<table>
<thead>
<tr>
<th>Towed From:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Towed To:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Second Tow Destination (only applicable if desired destination isn't accessible at time of first tow):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

I (towed vehicle owner / driver) have been provided with a copy of my rights in respect to this towing work, and an estimate of the charges for towing, storage and salvage. I acknowledge that this is the location I want the vehicle towed to and authorise the towing of this vehicle. I also acknowledge that I am required to report this accident to the Police immediately.

<table>
<thead>
<tr>
<th>Owner / Driver Signature:</th>
<th>Date / Time:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 4. Police / Authorised Officer Authorisation

<table>
<thead>
<tr>
<th>POLICE TO PAY</th>
<th>Reason for owner to pay tow:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| OWNER TO PAY | |
|--------------||

This authorisation has been completed and authorised by:

<table>
<thead>
<tr>
<th>Police / Authorised Officer Name / Number (print):</th>
<th>LAC:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity:</th>
<th>LAC Phone No:</th>
<th>Signature:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### RETAIN WITH BOOK

RTA - TOW TRUCK LICENSING & COMPLIANCE

Phone: (02) 9936 8200  Fax: (02) 9936 0265
E-mail: towtruck@ste.net.au
Mail: Locked bag 5044, Parramatta NSW 2124

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**Review of maximum towing fees (light and heavy vehicles)** IPART | 69
C Schedule of regulated towing fees
## Table C.1  Regulated fees for towing, salvage, storage and recovery of light and heavy vehicles, 2013/14 (ex-GST)

<table>
<thead>
<tr>
<th>Service</th>
<th>Light vehicle</th>
<th>Fee structure and level</th>
<th>Heavy vehicle</th>
<th>Fee structure and level⁠(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accident towing</td>
<td>Regulated</td>
<td>Base fee $245, then</td>
<td>Regulated</td>
<td>Base fee $232-$335 for 1st</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Metro: $5.94 per km after 1st 10 km⁠(^b)</td>
<td></td>
<td>hour then variable fee of $144-$249 per hour.⁠(^a)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-metro: $2.97 per km after 1st 20 km⁠(^b)</td>
<td></td>
<td>If a second driver is needed, an additional fee of $59 per hour.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Administrative work to arrange tow or freight salvage, an additional fee of $59 per hour.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Additional equipment required arranged and paid for by driver/operator, 110% of the cost of use of the equipment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Additional equipment fees as for heavy vehicle accident tows (above).</td>
</tr>
<tr>
<td>Recovery of stolen vehicle not involved in an accident</td>
<td>Regulated</td>
<td>Base fee $224, then km rates as for accident tows</td>
<td>Regulated</td>
<td>Base fee $211-$314 for 1st hour then variable fee of $144-$249 per hour.⁠(^a)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Second driver, administrative work and additional equipment fees as for heavy vehicle accident tows (above).</td>
</tr>
<tr>
<td>Subsequent tow (after initial tow from accident scene/location of stolen vehicle)</td>
<td>Regulated</td>
<td>Base fee $86 for first 10 km, then per km rates as for accident tows</td>
<td>Not regulated</td>
<td>NA</td>
</tr>
<tr>
<td>Storage (following an accident or recovery of stolen vehicle)</td>
<td>Prohibited for the 1st 72 hours, then regulated</td>
<td>1st 72 hours of storage is included in base fee, then $18.50 per day</td>
<td>Prohibited for the 1st 72 hours, then regulated</td>
<td>1st 72 hours storage is included in base fee then $88 per day.</td>
</tr>
</tbody>
</table>
### Service

<table>
<thead>
<tr>
<th>Light vehicle</th>
<th>Heavy vehicle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fee regulated/prohibited</td>
<td>Fee regulated/prohibited</td>
</tr>
<tr>
<td>Fee structure and level</td>
<td>Fee structure and level</td>
</tr>
<tr>
<td>Service</td>
<td>Light vehicle</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>Salvage from a road or road related area following an accident at accident scene</td>
<td>Fee prohibited</td>
</tr>
<tr>
<td>No charge for first 30 minutes then $79 per hour after first 30 minutes. Site administration work arranging salvage of vehicle or load, an additional $59 per hour. Additional equipment required arranged and paid for by driver/operator, 110% of the cost of use of the equipment. Additional (unregulated) charges may be made for using oxy-acetylene equipment, an airbag or an air jack.</td>
<td></td>
</tr>
<tr>
<td>Salvage not from a road or road related area following an accident at accident scene</td>
<td>Regulated</td>
</tr>
<tr>
<td>No charge for 1st 30 minutes, then $59 per hour. If an assistant is required, $59 per hour. If an additional tow truck is required, base and variable fees as for accident towing work.</td>
<td>As for salvage from a road or road related area (above).</td>
</tr>
<tr>
<td>Time spent waiting/Stand by time</td>
<td>Fee prohibited</td>
</tr>
<tr>
<td>Fee prohibited</td>
<td>Regulated</td>
</tr>
<tr>
<td>For accident towing: Base fee of $116-167.50 for first hour then hourly rate $72-$124.50. For salvage work: $39.50 per hour.</td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>Light vehicle</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Travel to the accident scene</td>
<td>Metro: fee prohibited.</td>
</tr>
<tr>
<td>Travel to location of stolen vehicle being recovered</td>
<td>Metro: fee prohibited.</td>
</tr>
<tr>
<td>Out of hours surcharge</td>
<td>Regulated</td>
</tr>
<tr>
<td>Complying with police or authorised officer direction to move a vehicle causing an unreasonable obstruction</td>
<td>Fee prohibited</td>
</tr>
<tr>
<td>Second tow truck driver for an accident tow</td>
<td>N.A</td>
</tr>
<tr>
<td>Administrative work in towing/ salvaging load or freight</td>
<td>Fee prohibited</td>
</tr>
<tr>
<td>Service</td>
<td>Light vehicle Fee regulated/prohibited</td>
</tr>
<tr>
<td>--------------------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Relocating or removing a vehicle in a holding yard</td>
<td>Fee prohibited</td>
</tr>
<tr>
<td>Providing vehicle owner with out of business hours access to vehicle in a holding yard</td>
<td>Fee prohibited unless prior notification given</td>
</tr>
<tr>
<td>Fuel</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Cleaning glass or debris from an accident scene</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Cleaning a tow truck or spills from the towed vehicle</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Disconnecting the battery of a towed vehicle</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Making phone calls</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Taking or producing photographs</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Preparing/sending documents related to a tow (eg invoices, towing authorisations)</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Notifying owner of storage fees</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Other administrative work</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Transporting owner of or passenger in the vehicle</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Salvaging the load of a vehicle involved in an accident</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Service</td>
<td>Light vehicle</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>Fee regulated/prohibited</td>
</tr>
<tr>
<td></td>
<td>Fee structure and level</td>
</tr>
<tr>
<td>Storing personal belongings</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Changing tyres</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Providing/using a fire extinguisher or gloves</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Any other activities required to undertake towing work or any other work done as a result of a requirement of the Act or Regulation</td>
<td>Separate fee prohibited</td>
</tr>
<tr>
<td>Any other fee related to towing, salvage or storage of an accident damaged vehicle or recovered stolen vehicle</td>
<td>Fee prohibited unless:</td>
</tr>
<tr>
<td></td>
<td>▪ a written quote is provided, and</td>
</tr>
<tr>
<td></td>
<td>▪ the fee is explained before the service is provided, and</td>
</tr>
<tr>
<td></td>
<td>▪ the service involved use of equipment owned by someone other than the operator or a service provided by someone other than the operator and the fee charged is not more than the operator paid for the equipment or service, and</td>
</tr>
<tr>
<td></td>
<td>▪ the service is separately itemised in the invoice, and</td>
</tr>
<tr>
<td></td>
<td>▪ records of the service (receipts, photographs etc) accompany the invoice, and</td>
</tr>
<tr>
<td></td>
<td>▪ the records that support the charge are available on request to the vehicle owner</td>
</tr>
<tr>
<td>Service</td>
<td>Light vehicle</td>
</tr>
<tr>
<td>---------</td>
<td>--------------</td>
</tr>
<tr>
<td></td>
<td>Fee regulated/prohibited</td>
</tr>
<tr>
<td></td>
<td>etc) accompany the invoice, and</td>
</tr>
<tr>
<td></td>
<td>• the records that support the charge are available on request to the vehicle owner or insurer.</td>
</tr>
</tbody>
</table>

<sup>a</sup> Heavy vehicle tow trucks are classified as Class 3, 4A, 4B, 4C tow trucks based on their gross mass and safe working load. Different maximum fees apply to each class of tow truck.

<sup>b</sup> In the metropolitan area the distance charge is calculated from the scene of the accident to the destination on the towing authorisation. In non-metropolitan areas the distance charge is calculated from the operator’s place of business to the accident scene and then the destination on the towing authorisation.

D Overview of the licensing assessment framework

IPART is currently conducting a review of licences in NSW to identify those where reform would produce the greatest reduction in regulatory burden (including red tape). As part of this review, we have developed a framework for assessing existing and proposed licensing schemes. The framework is an assessment tool for existing and proposed licences. It consists of 4 stages, which require a regulator to:

- justify that government action is required to address a specific problem or risk and that licensing is appropriate (Stage 1)
- assess whether the licence is well designed – taking into account how its objectives relate to its coverage, duration, reporting requirements, fees and charges, conduct rules and mandatory attributes (Stage 2)
- assess whether the licence is administered effectively and efficiently (Stage 3)
- confirm that licensing is the best response when comparing its costs and benefits against other options (Stage 4).

An overview of the 4 stages of the Licensing Framework, including elements within each stage, is presented in Figure D.1 below.
### D.1 Progressing through the 4 stages of the Licensing Framework

The 4 stages of the Licensing Framework are part of a flowchart (or decision tree). Each stage has a number of discrete questions or steps. A regulator should only progress to the next stage once all steps in the current stage have been answered. If an answer does not allow for progression to the next stage, the licence will need to be reviewed at that point. (See Box D.1).
Box D.1  Progressing through the 4 stages

- Stage 1 looks at whether licensing is appropriate. If a licence fails this assessment, then the regulator has not established a clear rationale for a licence. If a licence passes the Stage 1 assessment, it is an appropriate option and the regulator can then proceed to Stage 2.

- Stage 2 tests whether the licence design is ‘fit for purpose’ – ie, whether its terms and conditions match its objectives and impose only the minimum necessary requirements on licence holders. Any flaws identified in licence design during Stage 2 should be addressed before moving to Stage 3.

- Stage 3 examines whether there is scope to improve the efficiency of licence administration – including the application process, information provided to and by licence holders, responding to complaints and queries, and enforcement practices. Any inefficiencies in licence administration should be addressed before proceeding to Stage 4.

- Stage 4 is intended to confirm the licence is the best response, when compared with other regulatory and non-regulatory options. Essentially, this final step requires the regulator to undertake a proportionate cost-benefit analysis of the final licensing scheme (including design and administration) to confirm that it is the best option.

Applying the framework to an existing or proposed licence should highlight any deficiencies in its justification, design or administration. The framework has been designed so that a decision to retain an existing licence or proceed with a proposed licence means that:

- there is a clear case for a licence
- the licence’s design is ‘fit for purpose’ and imposes the minimum necessary requirements or burdens on licensees
- the licence’s administration follows best practice
- the licence is the best response to address identified problems or objectives.
### Tow truck operator’s record keeping and reporting requirements

**Table E.1**  Tow truck operator’s record keeping and reporting requirements

<table>
<thead>
<tr>
<th>Regarding…</th>
<th>Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tow trucks</td>
<td>▪ at the operator’s place of business, keep records of registration details of each tow truck  &lt;br&gt;▪ keep a copy of the operator’s licence in each tow truck</td>
</tr>
<tr>
<td>Tow truck drivers employed</td>
<td>▪ at the operator’s place of business, keep:  &lt;br&gt;– records of tow truck drivers’ particulars including:  &lt;br&gt;  ▪ full name  &lt;br&gt;  ▪ residential address  &lt;br&gt;  ▪ drivers certificate number  &lt;br&gt;– signed declarations that the operator has explained to the tow truck drivers their obligations under the Act and the Regulation  &lt;br&gt;– signed declarations that the driver understands his obligations under the Act and the Regulation</td>
</tr>
<tr>
<td>Towing jobs and usage of tow trucks</td>
<td>▪ at the operator’s place of business, keep:  &lt;br&gt;– records with details about usage of tow trucks by the drivers and any vehicles being towed, including, where applicable:  &lt;br&gt;  ▪ date of use  &lt;br&gt;  ▪ name of any passengers  &lt;br&gt;  ▪ the location of any accident attended  &lt;br&gt;  ▪ serial numbers of any towing authorisations obtained  &lt;br&gt;  ▪ the address to which any vehicle was towed  &lt;br&gt;  ▪ the registration number of any vehicle towed  &lt;br&gt;– records with details regarding any non-accident towing work, including:  &lt;br&gt;  ▪ the time and date of the tow  &lt;br&gt;  ▪ where the vehicle is towed from and to  &lt;br&gt;  ▪ registration number of the vehicle being towed, or, if there is no registration number, the chassis number or the engine number  &lt;br&gt;  ▪ the name and contact details of the person who arranged for the motor vehicle to be towed  &lt;br&gt;  ▪ the name and contact details of any person who takes possession of the towed vehicle at the destination of the tow  &lt;br&gt;  ▪ details of any charges made by the licensee in relation to the tow</td>
</tr>
</tbody>
</table>
### Tow truck operator’s record keeping and reporting requirements

<table>
<thead>
<tr>
<th>Regarding…</th>
<th>Requirement</th>
</tr>
</thead>
</table>
| – all original towing authorisations and towing authorisation books, which include the following details regarding each accident tow: | - the serial number of the towing authorisation  
- a quote for the towing job  
- date and time  
- the name of the operator and the operator licence number  
- the tow truck registration number  
- the name and drivers certificate number of the tow truck driver  
- the name and address of the driver and owner of the vehicle being towed  
- the registration number of the vehicle being towed  
- the starting point and the destination for the tow  
- signature of the tow truck driver  
- signature of the owner/driver of the vehicle being towed, or a police officer or authorised officer |
| - send a copy of towing authorisations to RMS within 28 days of completing the tow |
| Holding yard | - at the operator’s place of business, keep:  
- a holding yard register which records details regarding:  
  - the time and date when a vehicle is towed into and out of the holding yard  
  - the name of the tow truck driver who towed the vehicle to the holding yard  
  - the name and contact details of the person authorising the release of a vehicle from the holding yard  
  - the make, model, type and colour of the vehicle  
  - the registration number of the vehicle, or, if there is no registration number, the chassis number or the engine number  
  - the serial number of the towing authorisation obtained  
- a copy of any written authorisation for the release of a vehicle from the holding yard |
| Charges and invoices | - at the operator’s place of business, keep:  
- fully itemised records of charges made in relation to each vehicle towed, providing details justifying the amounts charged in relation to towing, salvage or storage  
- any document or material that justifies the charging of a particular amount  
- a copy of each invoice issued |

**Source:** *Tow Truck Industry Act 1998, Tow Truck Industry Regulation 2008, and example of towing authorisation form (provided in Appendix B).*
F  Tow truck fees in other states

Accident towing fees are also regulated in other jurisdictions in Australia, including:

- Victoria
- Queensland
- South Australia.

This appendix provides an overview of the key features and fees for each of these jurisdictions. When comparing regulated fees between jurisdictions it is important to consider those factors that influence both the underlying cost of providing services, and also the total revenue earned by towing operators. Differences in fees can reflect differences in regulatory arrangements, the nature of the service included within the regulated fee, historical price setting practices within the jurisdiction, and industry characteristics (eg, number of accidents, size of the industry, structure of the industry and regulation and market characteristics of related industries). Table F.1 gives a summary of the different regulated fees in each jurisdiction. All fees quoted in this appendix are ex-GST and in $2013/14.
Table F.1  Key features of regulation and current accident towing and storage fees for light vehicle accident towing (all fees Ex-GST and $2013/14)

<table>
<thead>
<tr>
<th>Feature</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>SA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base fee</td>
<td>$245.00</td>
<td>$184.00</td>
<td>$276.45</td>
<td>$299.93</td>
</tr>
<tr>
<td>Distance included in base fee</td>
<td>10km</td>
<td>8km</td>
<td>50km</td>
<td>20km</td>
</tr>
<tr>
<td>Storage included in base fee</td>
<td>72 Hours</td>
<td>Nil</td>
<td>72 Hours</td>
<td>Nil</td>
</tr>
<tr>
<td>Distance fee</td>
<td>$5.94 per km</td>
<td>$2.91 per km</td>
<td>$5.50 per km</td>
<td>$2.64 per km</td>
</tr>
<tr>
<td>Charged to the scene of the accident</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Uncertain</td>
</tr>
<tr>
<td>Charged from the scene of the accident</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Storage fee</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All Vehicles – locked yard</td>
<td>$18.50 per day</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Car – under cover</td>
<td>$18.50 per day</td>
<td>$14.09 per day</td>
<td>Not regulated</td>
<td>$19.68 per day</td>
</tr>
<tr>
<td>Car – in locked yard</td>
<td>$18.50 per day</td>
<td>$9.45 per day</td>
<td>Not regulated</td>
<td>$11.25 per day</td>
</tr>
<tr>
<td>Motorcycle – under cover</td>
<td>$18.50 per day</td>
<td>$4.73 per day</td>
<td>Not regulated</td>
<td>$19.68 per day</td>
</tr>
<tr>
<td>Motorcycle – locked yard</td>
<td>$18.50 per day</td>
<td>$3.00 per day</td>
<td>Not regulated</td>
<td>$11.25 per day</td>
</tr>
<tr>
<td>Fee for additional working time (non-salvage work)</td>
<td>Not regulated</td>
<td>Not regulated</td>
<td>Not regulated</td>
<td>$43.11 per hour</td>
</tr>
<tr>
<td>Business hours</td>
<td>8am to 5pm working days</td>
<td>8am to 5pm working days</td>
<td>-</td>
<td>7:30am to 5pm working days</td>
</tr>
<tr>
<td>After hours surcharge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Base fee</td>
<td>20%</td>
<td>$62.82</td>
<td>-</td>
<td>$48.74</td>
</tr>
<tr>
<td>Distance fee</td>
<td>20%</td>
<td>-</td>
<td>-</td>
<td>$0.96</td>
</tr>
<tr>
<td>Working time</td>
<td>20%</td>
<td>-</td>
<td>-</td>
<td>$21.56</td>
</tr>
<tr>
<td>Job allocation system</td>
<td>No</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Area of regulation</td>
<td>Sydney metro area</td>
<td>Melbourne controlled area</td>
<td>South Eastern QLD and other QLD metro areas</td>
<td>Adelaide metro area</td>
</tr>
<tr>
<td>Salvage costs</td>
<td>$59.00 (after first 30min)</td>
<td>Not regulated</td>
<td>Not regulated</td>
<td>$43.11 per hour</td>
</tr>
</tbody>
</table>

Victoria

Accident towing in Victoria is governed by the Accident Towing Services Act 2007 and the Accident Towing Services Regulations 2008. This legislation regulates prices for light vehicle towing in the Melbourne controlled area only. Prices in the Geelong self-management area and regional Victoria are not specifically regulated under the Accident Towing Services Act 2007. However, the fee charged must be reasonable in accordance with section 212I of the Accident Towing Services Act 2007. The prices for heavy vehicle towing are treated in the same manner.

Accident tow trucks in the Melbourne controlled area are formally allocated on a roster basis to attend accident sites within this area. Tow trucks may only attend accident scenes in this controlled area if they have an allocation number. Accident tow trucks within the self-management area of Geelong are approved by VicRoads to perform accident towing services in this area. Accident tow trucks outside of this area are not allowed to provide accident towing services within the self-management area. In all other areas of Victoria, tow trucks may attend an accident scene without a formal allocation.

In the Melbourne controlled area tow truck operators can charge a base towing fee of $184 (ex-GST) for each tow and $2.91 (ex-GST) for each kilometre over 8 kilometres in Victoria (see Table F.1). An additional $62.82 (ex-GST) can be charged for jobs conducted after hours (5pm to 8am Monday to Friday, 5pm Friday to 8am Monday and midnight to midnight on public holidays).

The base fee includes the first 8km of travel, an allowance for removal of all debris, cleaning the tow truck, waiting time at the accident scene, phone calls, unpaid tows and administration costs.

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90 Section 212I of the Accident Towing Services Act 2007 prohibits the charging of unreasonable fees for accident towing and related services in the Geelong self-management area and regional Victoria. Some of the factors that may be taken into account to determine whether the fee charged is reasonable include the nature of the service provided, the day and time that the service is provided, any administrative costs incurred, the amount charged for a similar service that is not an accident towing service and the amount charged for the same or similar service by another accident towing operator in the same or similar area.


93 Ibid.
A maximum rate for the storage of damaged vehicles is applied in the Melbourne controlled area. There are 4 different storage categories with each having a unique maximum charge (all fees are quoted ex-GST on a per day basis):\(^{94}\)

- car – under cover - $14.09
- car – in locked yard - $9.46
- motorcycle – under cover - $4.73
- motorcycle – in locked yard - $3.00.

Charges for salvage are not specifically regulated in Victoria, however they are required to be reasonable in accordance with section 212I of the *Accident Towing Services Act 2007*.

**Queensland**

Accident towing in Queensland is governed by the *Tow Truck Act 1973* and the *Tow Truck Regulation 2009*. This legislation regulates prices for vehicle towing in South East Queensland and a number of other cities on the pacific coast. Accident towing is not under price regulation in the rest of Queensland.\(^{95}\)

Under Queensland legislation no distinction is made between light and heavy vehicle towing in terms of price regulation. Additionally no distinction is made between regional and metropolitan towing with regard to price regulation of accident towing services. Queensland also includes 72 hours of storage in the base towing fee. However, the charges levied for storage after the first 72 hours are not specifically regulated.\(^{96}\)

In Queensland, there is a maximum regulated accident towing base fee of $276.45 (ex-GST) for the first 50 km and a variable fee of $5.50 (ex-GST) for each subsequent km.\(^{97}\)

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\(^{95}\) *Tow Truck Regulation 2009*, Schedule 4.

\(^{96}\) *Tow Truck Regulation 2009*, Part 3 cl 32(3)(c).

\(^{97}\) *Tow Truck Regulation 2009*, Schedule 3.
South Australia

Accident towing in South Australia is regulated under the *Motor Vehicles Act 1959*, *Motor Vehicles Regulations 2010* and *Prices Act 1948*. There is an accident allocation system operating in South Australia, which covers Adelaide and the surrounding metropolitan areas. Heavy vehicle towing also operates under a job allocation system in the Adelaide and surrounding metropolitan areas.98

Tow truck operators can charge a maximum base towing fee of $299.93 (ex-GST) for each tow with a distance fee of $2.64 (ex-GST) per km. The distance fee is only chargeable after the first 20km of travel. The maximum price of storage in the regulated area is set at $19.68 (ex-GST) for each day of covered vehicle storage, and $11.25 (ex-GST) for each day of uncovered vehicle storage.99

